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**STATE OF NEW MEXICO
BEFORE THE ENVIRONMENTAL IMPROVEMENT BOARD**

**IN THE MATTER OF
20.7.11.19 NMAC - *Periodic Review***

No. EIB 22 - 02

**NEW MEXICO ENVIRONMENT DEPARTMENT'S
SUBMISSION OF PERIODIC REVIEW OF 2021**

COMES NOW, the New Mexico Environment Department and respectfully submits this
Periodic Review, pursuant to 20.7.11.19 NMAC.

/s/ Chris Vigil
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New Mexico Environment Department
121 Tijeras Avenue NE, Suite 1000
Albuquerque, New Mexico 87102-3400
Telephone: (505) 469-4696
christopherj.vigil@state.nm.us

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Submission of Periodic Review of 2021 was served on the following party on January 13, 2022, by email:

Pam Jones, Hearing Officer Administrator
Room S-2104, Runnels Building
1190 St. Francis Dr.
Santa Fe, New Mexico 87505

/s/ Chris Vigil
Assistant General Counsel,
New Mexico Environment Department
121 Tijeras Avenue NE, Suite 1000
Albuquerque, New Mexico 87102-3400
Telephone: (505) 469-4696



EIB Liquid Waste Fee Annual Periodic Review

January 11, 2022

Summary

Pursuant to 20.7.11. NMAC of the Liquid Waste Treatment and Disposal Fees, section 19, Periodic Review. *In order for the environmental improvement board to fulfill its obligation to establish onsite liquid waste fees in accordance with Paragraph 3 of Subsection A of Section 74-1-8 NMSA 1978, the department shall provide information by January 15th of each year to the environmental improvement board as follows:*

- A. Liquid waste fund expenditures for fiscal year 2021 – \$566,784.33
- B. Liquid waste fund expenditures for fiscal year 2021 - \$665,148.37
 - 1) Personal services and benefits - \$445,489.31
 - 2) Contracts: \$24,987.00
 - 3) Other costs - \$96,398.00
 - 4) Indirect - \$98,364.00
- C. External audit report for previous fiscal year. See attached report
- D. Current fiscal budget for EHB approved by DFA and LFC -See attached report Environmental protection pp 107-108
- E. Report of contiguous states' fees – See attached report
- F. Performance measures report – The liquid waste program did not report any performance measures for FY21
- G. Copy of liquid waste annual strategic plan – The Bureau has not maintained a current liquid waste program strategic plan.
- H. Copy of training plan, if any, for upcoming year. The Bureau does not have a current training plan.

Attachments:

- 1. External audit report for previous fiscal year (2020).
- 2. Current fiscal budget for EHB approved by DFA and LFC.
- 3. Report of contiguous states' fees.



STATE OF NEW MEXICO

NEW MEXICO ENVIRONMENT DEPARTMENT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2020

**NEW MEXICO ENVIRONMENT DEPARTMENT
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**NEW MEXICO ENVIRONMENT DEPARTMENT
OFFICIAL ROSTER
JUNE 30, 2020**

Office of the Secretary

James C. Kenney, Cabinet Secretary

Jennifer J. Pruett, Deputy Secretary

Division Directors

Marlene Velasquez, Acting ASD Director

Peter Street, Information Technology Division

Stephanie Stringer, Resource Protection Director

Rebecca Roose, Water Protection Division

Sandra Ely, Environmental Protection Director



INDEPENDENT AUDITORS' REPORT

Mr. James C. Keeney, Cabinet Secretary
New Mexico Environment Department and
Mr. Brian Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the New Mexico Environment Department (the Department), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Mr. James C. Kenney, Cabinet Secretary
New Mexico Environment Department and
Mr. Brian Colón, Esq., New Mexico State Auditor

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position and cash flows of only that portion of the governmental activities and business-type activities of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2020, and the changes in the financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by Section 2.2.2 NMAC, as listed in the table of contents as Supplemental Schedule of Capital Appropriations (Schedule 1) and Supplemental Schedule of Special Appropriations (Schedule 2), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Mr. James C. Kenney, Cabinet Secretary
New Mexico Environment Department and
Mr. Brian Colón, Esq., New Mexico State Auditor

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and the other schedules required by Section 2.2.2 NMAC as listed in the table of contents as Supplemental Schedule of Capital Appropriations (Schedule 1) with the exception of the Expenditures Reported Prior Years column and Supplemental Schedule of Special Appropriations (Schedule 2) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and the schedules required by Section 2.2.2 NMAC as listed in the table of contents as Supplemental Schedule of Capital Appropriations (Schedule 1) and Supplemental Schedule of Special Appropriations (Schedule 2) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information included in the Expenditures Reported Prior Years column of the Supplemental Schedule of Capital Appropriations (Schedule 1) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 2, 2020

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

Executive Summary

The management of the State of New Mexico Environment Department (the Department) is pleased to present the *Management's Discussion and Analysis (MD&A)* of its financial statements for the fiscal year ended June 30, 2020. This overview and analysis summarizes the Department's financial activities and operations for the state fiscal year 2020, which is the period between July 01, 2019 and June 30, 2020 (*FY20*). This report is targeted at consumers of financial information including state legislators, citizens, federal entities and the public. It contains a synopsis of operational highlights for the four budgetary programs within the Department in accordance with the laws it is charged to administer and enforce.

The Department encourages readers to consider the MD&A information in conjunction with the financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Department's basic financial statements, which include five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) other supplemental information and schedules, and 5) single audit of federal programs.

Government-wide Financial Statements. The government-wide financial statements are designed to be corporate-like in that the governmental and business-type activities are consolidated into columns that add to a total for the primary government and consist of a Statement of Net Position and a Statement of Activities. These statements should report all of the assets, liabilities, revenues, expenses and gains and losses of the government. Both statements distinguish between the governmental and business-type activities of the primary government. Fiduciary activities whose resources are not available to finance the government's program are excluded from the government-wide statements.

The government-wide financial statements of the Department are divided into two categories:

Governmental Activities. Most of the Department's basic services are included in the governmental activities. State appropriations, federal grants and special revenue fund appropriations finance the Department's activities. The funds included in Governmental Activities for the Department are the General Operating Fund, various special revenue and capital project funds, and various federal grant activities. The Department has classified four funds as major funds: the General Fund, the Corrective Action Fund, and two Capital Project Funds.

Business-type Activities. The Department's Wastewater Facility Construction Loan Fund, the Clean Water Administrative Fund, and the Rural Infrastructure Revolving Loan Fund comprise the Department's business-type activities. The Wastewater Facility Construction Loan Fund and the Rural Infrastructure Revolving Loan Fund provide low interest rate loans to communities throughout the state for water and wastewater treatment and delivery infrastructure projects. The Clean Water Administrative Fund is used to administer the Wastewater Facility Construction Loan Fund.

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

Fund Financial Statements. Fund financial statements consist of a series of statements that focus on information about the major governmental and enterprise funds. Fund financial statements also report information about a government's fiduciary funds. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary fund financial statements (enterprise funds) and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The Department has two types of funds: governmental funds and proprietary funds.

Governmental Funds. Most of the Department's services are included in governmental funds, which focus on (a) how cash and other financial assets that can be readily converted to cash flow in and out, and (b) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view and help the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. Since this information does not include the additional long-term focus of the government-wide statements, reconciliation between the government-wide statements and the fund financial statements is provided for governmental-type activities.

Proprietary Funds. The Wastewater Facility Construction Loan Fund, the Clean Water Administrative Fund, and the Rural Infrastructure Fund have been classified as proprietary funds. The funds provide low interest loans to communities throughout the State for water and wastewater treatment and delivery infrastructure projects. Proprietary funds, like the government-wide statements, provide both long and short-term information.

Notes to the Financial Statements. The notes to the financial statements consist of notes that provide information that is essential to a user's understanding of the basic financial statements.

Per the New Mexico Office of the State Auditor under 2.2.2 NMAC (the State Auditor Rule), the Statement of Revenues and Expenditures – Budget to Actuals for non-major funds are no longer required to be included separately in the presentation of the financial statements. The budgetary comparisons statements for only the general fund and major funds that have legally adopted annual budgets will be presented in the financial statements.

Department Highlights

The Department's mission is to protect and restore the environment, and to foster a healthy and prosperous New Mexico for present and future generations. NMED is committed to providing clear articulation of the agency's goals, standards and expectations in a professional manner so that employees and the public can make informed decisions and be actively involved in setting priorities. Additionally, NMED promotes environmental awareness through the practice of open and direct communication and sound decision-making by carrying out the mandates and initiatives of the Department in a fair and consistent manner.

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

During fiscal year 2020, the Department operated with four divisions within four budgetary programs. Through these programs, which include Resource Management Division (P567), Water Protection Division (P568), Resource Protection Division (P569), and Environmental Protection Division (P570), the Department was able to administer and enforce the state and federal laws with which it is charged.

Following is a summation of the four budgetary programs and their purposes within the Department:

Resource Management Division (P567)

This program is comprised of the Office of the Secretary; Office of the General Counsel; the Financial Services Bureau, which includes Budget & Grants, General Ledger & Operational Support, Procurement & Accounts Payables and Human Resources and the Office of Information Technology.

Resource Management provides overall leadership, administrative, legal and information management support to the Department staff and oversight and regulatory entities. This support allows the Department to operate in the most knowledgeable, efficient and cost-effective manner possible, and provides the public with information necessary to hold the Department accountable.

Water Protection Division (P568)

This program is comprised of the Construction Programs Bureau ("CPB"); Drinking Water Bureau ("DWB"); Ground Water Quality Bureau ("GWQB") and Surface Water Quality Bureau ("SWQB").

The program is responsible for overseeing water infrastructure systems and water quality issues throughout the state. It regulates the quality of New Mexico's ground and surface water resources to ensure clean and safe water supplies are available now and in the future to support domestic, agricultural, economic, and recreational activities; ensures that drinking water throughout the state is clean and healthy; that wastewater systems are designed and constructed to meet regulatory standards; and that public funds appropriated to design and construct these systems are appropriately utilized.

Accomplishments –

- The Construction Program Bureau ("CPB") provided technical and financial oversight and assistance for 416 projects statewide and disbursed over \$31.14 million dollars to New Mexico communities from the Clean Water State Revolving Loan Fund (CWSRF), Rural Infrastructure Program (RIP) and Capital Outlay programs. This money was used to support projects that not only protect public health and the environment, but also stimulate the local economies.
- The Capital Outlay program received \$54.6 million for 182 projects in the 2020 regular session.
- The CWSRF and RIP programs executed 14 new loan and grant/loan funding packages during SFY 2020 totaling \$28.2 million and closed 18 loans totaling \$39.7 million.
- Due to the COVID-19 pandemic, Drinking Water Bureau ("DWB") was only able to conduct five examination sessions for water and wastewater utility operators during SFY 2020. During those sessions, the UOCP administered 325 water treatment, distribution system and sampling certification examinations. Five hundred ninety-six water certification renewal applications were processed during this reporting period.

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

- Permit fees for groundwater discharge permits have not been adjusted since 2004 and fee revenue covers approximately 10% of program costs. During SFY 2020, Ground Water Quality Bureau ("GWQB") began developing proposed rule revisions to increase certain permit fees in 2021.
- GWQB also pursued enforcement actions for numerous violations of the Water Quality Act and its implementing regulations, holding facilities accountable for violations of discharge permits and abatement program requirements.
- SWQB completed fall monitoring of water quality within the Upper Pecos River, Gila River, San Francisco River, Mimbres River, and Lower Rio Grande basins and, despite setbacks related to the COVID-19 health emergency, SWQB initiated year two of this survey in the 2020 summer field season.
- In the past year, SWQB completed fifteen National Pollutant Discharge Elimination System (NPDES) compliance evaluation inspections, commented on 10 draft NPDES permits, and issued nine CWA Section 401 state water quality certifications for NPDES permits.
- SWQB conducted State-Wide Mapping and Classification Efforts to identify all wetland areas throughout the state, developed Rapid Assessment Methods for multiple types of wetlands, and created Wetland Action Plans that lay out strategic planning for the restoration of vulnerable wetlands, and lay the ground for a watershed-wide restoration plan.

Resource Protection Division (P569)

This program is comprised of the Department of Energy Oversight ("DOE-OB"); Hazardous Waste Bureau (HWB); Petroleum Storage Tank Bureau ("PSTB") and the Solid Waste ("SWB").

The program protects public health and the environment by ensuring that solid waste and recyclable materials are properly transported, managed, handled and disposed; operations that generate, manage, store, process, transport, or dispose of hazardous wastes do so in a responsible manner; petroleum storage tanks are managed to prevent releases and petroleum contaminated sites are cleaned up; and Department of Energy operations in New Mexico are performed in a conscientious manner.

Accomplishments –

- The Department of Energy – Oversight Bureau ("DOE-OB") continues to monitor both ambient and exhaust air at the WIPP facility during the resumption of waste handling. Direct penetrating radiation monitoring was expanded and continues along new and existing approved waste transportation routes, particularly between Waste Control Specialists in Andrews, Texas, and the WIPP facility. The DOE-OB participated in a collaborative study of metal and organic contaminants of concern to identify anthropogenic concentrations of polychlorinated biphenyls (PCBs) in urban run-off, precipitation, and dry deposition at LANL and in the vicinity.

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

- In FY20, Hazardous Waste Bureau ("HWB") performed 59 compliance evaluation inspections, 8 compliance assistance visits, and 8 WIPP audits. The HWB also responded to 14 complaints. HWB prepared draft Resource Conservation and Recovery Act (RCRA) hazardous waste permit for 2 facilities and issued final decisions on 18 permit modifications. The HWB revised the Hazardous Waste Permit and Corrective Action Fee Regulations, 20.4.2 NMAC, and the Annual Hazardous Waste Fee Regulations, 20.4.3 NMAC which became effective in March 2020. The HWB is also leading the Department's litigation for delineating/remediating PFAS contamination at Department of Defense installations.
- In FY20, Solid Waste Bureau ("SWB") enforcement staff developed a revised protocol for inspections of infectious waste generators (including hospitals and clinics) during the COVID-19 public health emergency and performed 41 of the 75 inspections in the last quarter of the year. In addition, staff continued to conduct routine inspections of permitted and registered facilities to ensure compliance and responded to more than 80 reports of illegal dumping. Outreach staff prepared fact sheets and provided technical assistance to customers and facility operators regarding the proper management of COVID-19-related waste. Staff also administered 18 grants totaling \$393,000 to clean up illegal dumpsites and develop recycling programs in communities around the state.

Environmental Protection Program (P570)

This program is comprised of the Air Quality Bureau ("AQB"), Environmental Health Bureau ("EHB"), Occupational Health and Safety Bureau ("OSHB"), Radiation Control Bureau ("RCB"), and the Office of Nuclear Worker Advocacy ("ONWA").

The purpose of the Environmental Health Division is to protect public health and the environment through programs that regulate air emissions; provide public outreach, education, and regulatory oversight for worker safety; regulation of radiation producing materials and equipment; protection of public health through regulation of food service and food processing facilities; regulation of liquid waste treatment and disposal; and, regulating public swimming pools, baths, and spas.

Accomplishments –

- The Permitting Section reviewed 1,534 (up 33% since FY2017) permitting actions and issued 580 (up 360% since FY2017) construction permits during the 2020 state fiscal year. This increase is primarily due to the increased oil and gas activity primarily in the Permian Basin. This success was accomplished through multiple efforts to streamline the regulatory review process, including, but not limited to, the new General Construction Permit-Oil & Gas permit and the new Notice of Intent-Oil and Gas application form.
- Starting in March 2020, the program-initiated outreach to over 7000 food establishments regarding the public health orders (PHO). The program assisted DOH and DPS in following up on reported PHO violations and assisted OSHB in conducting Rapid Response calls. The Program has made several thousand calls to businesses and individuals across the state regarding PHO requirements and has been involved in stepped up enforcement by suspending operating permits of food establishments violating the PHO. In addition, the Program has developed and put into place a virtual inspection process for conducting inspections.

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

- During the 2020 fiscal year, the Occupational Health and Safety Bureau (OHSB) continued to focus enforcement and cooperative program efforts in high hazard industries including healthcare, construction, manufacturing, and oil and gas well drilling and servicing. OHSB conducted 264 enforcement inspections, issued citations for 344 health and safety violations, and assessed \$592,441 in penalties during the 2020 fiscal year. The OHSB consultation program provided onsite assistance at 133 worksites and identified 324 serious hazards.
- From March through June of 2020, OHSB engaged considerable resources in preventing the spread of COVID-19 in workplaces including investigating more than 240 complaints of non-compliance with public health orders and conducting more than 1700 rapid responses to positive COVID-19 cases among New Mexico workers. OHSB also investigated four cases of workplace COVID-19 deaths.
- The RCB WIPP emergency preparedness program trained 325 emergency responders throughout the State. The RCB Indoor Radon Grant Program responded to public requests for radon testing by directly providing 909 radon test kits. Private vendors working with the program reported 745 radon tests were conducted in New Mexico during FY20.

Financial Highlights

The Department's FY20 financial portfolio included 29 funds comprised of governmental and proprietary funds. The governmental funds included four major funds: the General Fund (06400), the Corrective Action Fund (99000), the Severance Tax Bonds (89200), and the General Fund Capital Outlay (93100). The proprietary funds include three major funds: the Wastewater Facility Construction Loan Fund (12100), the Clean Water Administrative Fund (32700), and the Rural Infrastructure Revolving Loan Fund (33700). The special revenue funds made up the remainder of the Department's financial portfolio for the year.

During FY20, the Department recorded total net position of \$409,842,311, which represents a decrease of \$964,148, or a 0.2% decrease from FY19. The Department's governmental net position decreased by \$16,570,838, while the business-type net position increased by \$15,606,690 over FY19. The business-type activities operating revenue for FY20 was \$8,709,001 and the non-operating income was \$6,897,689.

Budgetary Highlights

The Department's general fund appropriation (06400 General Fund) increased by \$4,194,300 over the prior year. Federal sources were budgeted at \$28,628,240 more than the prior fiscal year. These changes demonstrate the Department's increased reliance on the use of special revenue funding to support activities and match federal awards. The Department continued to operate under austerity measures with regard to hiring in order to have sufficient fund balances to support activities.

Analysis of Individual Balances and Transactions

Governmental activities and business activities experienced an increase in net revenue this was mainly attributable to additional general fund capital outlay appropriations. The Department has continued to fully utilize special revenue and federal funds where allowable.

Two million dollars from the Corrective Action fund was reverted to the State General Fund.

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

Financial Analysis of the Department as a Whole

Net Position. Table A-1 summarizes the Department's net position for the fiscal year ending June 30, 2020. Net position for the Governmental Activities and Business-type Activities was \$34,774,994 and \$375,067,317, respectively. The total Department's net position for fiscal year 2020 is \$409,842,311, which is a decrease over the previous fiscal year. The Department's unrestricted balance increased over the prior period with an increase of total liabilities, mainly attributable to governmental activities.

**Table A-1
The Department's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and						
Other Assets	\$ 88,269,104	\$ 87,627,036	\$ 189,833,145	\$ 180,019,033	\$ 278,102,249	\$ 267,646,069
Capital and Non-						
current Assets	1,101,185	1,502,873	185,234,176	180,941,598	186,335,361	182,444,471
Total Assets	89,370,289	89,129,909	375,067,321	360,960,631	464,437,610	450,090,540
Liabilities						
Current Liabilities	10,625,235	8,430,356	4	1,500,004	10,625,239	9,930,360
Long-Term Liabilities	43,970,060	29,353,721	-	-	43,970,060	29,353,721
Total Liabilities	54,595,295	37,784,077	4	1,500,004	54,595,299	39,284,081
Net Position						
Net Investment						
in Capital Assets	1,101,185	1,502,873	-	-	1,101,185	1,502,873
Restricted	78,378,853	80,521,303	375,067,317	359,460,627	453,446,170	439,981,930
Unrestricted	(44,705,044)	(30,678,344)	-	-	(44,705,044)	(30,678,344)
Total Net Position	\$ 34,774,994	\$ 51,345,832	\$ 375,067,317	\$ 359,460,627	\$ 409,842,311	\$ 410,806,459

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

Changes in Net Position. Table A-2 summarizes the Department's changes in net position for the fiscal year ending June 30, 2020. The Department's changes in net position for fiscal year 2020 was \$(964,148), compared to \$55,504,928 for fiscal year 2019. Program revenues for governmental activities decreased by \$949,104 when compared to fiscal year 2019. Program revenues for business-type activities increased by \$67,856 when compared to fiscal year 2019. The total change in net position was primarily due to the department utilizing more of its special revenue funds to complete the mission of the agency.

**Table A-2
Changes in the Department's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 19,708,056	\$ 20,739,167	\$ 3,422,752	\$ 3,274,896	\$ 23,130,808	\$ 24,014,063
Operating Grants & Contributions	20,043,367	19,961,360	7,779,000	7,859,000	27,822,367	27,820,360
General Revenues						
Transfers, Net	(1,041,109)	115,582	505,271	127,118	(535,838)	242,700
Other	20,793,273	21,039,726	-	-	20,793,273	21,039,726
Bond Proceeds/						
Appropriations	25,811,578	59,314,405	-	-	25,811,578	59,314,405
Investment Income	86,746	69,296	5,286,249	5,129,176	5,372,995	5,198,472
Total Revenues	85,401,911	121,239,536	16,993,272	16,390,190	102,395,183	137,629,726
Expenses						
Governmental	101,972,749	79,398,968	1,386,582	2,725,830	103,359,331	82,124,798
Total Expenses	101,972,749	79,398,968	1,386,582	2,725,830	103,359,331	82,124,798
Changes in						
Net Position	(16,570,838)	41,840,568	15,606,690	13,664,360	(964,148)	55,504,928
Beginning Net Position	51,345,832	9,505,264	359,460,627	345,796,267	410,806,459	355,301,531
Ending Net Position	\$ 34,774,994	\$ 51,345,832	\$ 375,067,317	\$ 359,460,627	\$ 409,842,311	\$ 410,806,459

**NEW MEXICO ENVIRONMENT DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

Capital Assets and Debt Administration

As of June 30, 2020, the Department's net capital assets were \$1,101,185. This amount represents a net decrease of \$401,688 (including additions, deletions, and depreciation) compared to fiscal year 2019.

As of June 30, 2020, the Department's total compensated absence liability was approximately \$2.3 million; this is an increase of \$405,728 compared to fiscal year 2019. The amount is expected to be paid from the general fund and special revenue funds and is expected to be paid within one year.

As of June 30, 2020, the Department's total pollution remediation liability was approximately \$41.7 million; this is an increase of \$14,210,611 compared to fiscal year 2019. The amount expected to be paid within one year is \$1,234,592.

Economic Factors and Next Year's Budget Outlook

The Department is reliant on a nominal appropriation of general fund used to support general operating activities and provide match to federal awards. Accordingly, special and capital projects are significantly reliant on general fund appropriations and as such this source has continued to diminish in recent periods. The sources of inflows to the general fund appears to have stabilized, but is still dependent upon the government's ability to collect taxes and fees for services based on current and projected economic wealth. As stable economic certainty is still unknown, investors remain cautious to invest in public projects, which directly affect bonds sales. In the current economic climate, the State Legislature, who makes appropriations annually for the operations and capital projects, has been cautious in its authority to fund government operations based on revenue and income flows to the State. The Department has lowered interest rates on loans it provides for capital projects in order to induce more consumers to utilize this source, and take advantage of increased business-type assets. The Department continues to be concerned with future federal funding and the reliance on the special revenue funds and its effects on fund balances for operations and future projects.

Contacting the Department's Financial Management

The financial report is designed to provide citizens, taxpayers, customers, legislators, investors and creditors with a general overview of the Department finances and to demonstrate the Department's accountability for the money it receives. If you have any questions about this report or need additional information, please contact:

New Mexico Environment Department
Administrative Services Division – Financial Services Bureau
1190 St. Francis Drive
PO Box 5469
Santa Fe, NM 87502-5469
www.nmenv.state.nm.us

NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Investment in State General Fund			
Investment Pool	\$ 72,843,550	\$ 176,965,161	\$ 249,808,711
Receivables			
Due from Federal Government	7,956,432	-	7,956,432
Due from Other State Agencies	2,794,246	-	2,794,246
Due from Other State Entities	2,452,381	-	2,452,381
Other Receivables, Net	2,222,495	-	2,222,495
Loan Receivables, Net	-	196,566,550	196,566,550
Loan Interest Receivables	-	1,301,685	1,301,685
Administrative Fee Receivables	-	233,925	233,925
Capital Assets, Net of Accumulated			
Depreciation	1,101,185	-	1,101,185
Total Assets	89,370,289	375,067,321	464,437,610
LIABILITIES			
Accounts Payable	7,974,036	-	7,974,036
Accrued Payroll Liabilities	2,065,485	-	2,065,485
Due to Federal Government	19,779	-	19,779
Due to Other State Entities	-	-	-
Due to State General Fund	-	4	4
Other Liabilities	3,466	-	3,466
Unearned Revenues	562,469	-	562,469
Pollution Remediation Liability:			
Due Within One Year	1,234,592	-	1,234,592
Due in More Than One Year	40,432,235	-	40,432,235
Compensated Absences:			
Due Within One Year	2,205,373	-	2,205,373
Due in More Than One Year	97,860	-	97,860
Total Liabilities	54,595,295	4	54,595,299
NET POSITION			
Net Investment in Capital Assets	1,101,185	-	1,101,185
Restricted	78,378,853	375,067,317	453,446,170
Unrestricted Deficit	(44,705,044)	-	(44,705,044)
Total Net Position	\$ 34,774,994	\$ 375,067,317	\$ 409,842,311

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
Resource Management Division	\$ 7,979,415	\$ -	\$ -	\$ -
Water Protection Division	33,924,590	-	-	-
Resource Protection Division	22,948,756	-	-	-
Environmental Protection Division	20,753,742	-	-	-
Other Environmental Initiatives	16,366,246	19,708,056	20,043,367	-
Total Governmental Activities	101,972,749	19,708,056	20,043,367	-
BUSINESS-TYPE ACTIVITIES				
12100/32700 - Clean Water State Revolving Fund	1,171,131	3,001,569	7,779,000	-
33700 - Rural Infrastructure Revolving Fund	215,451	421,183	-	-
Total Business-Type Activities	1,386,582	3,422,752	7,779,000	-
TOTAL PRIMARY GOVERNMENT	\$ 103,359,331	\$ 23,130,808	\$ 27,822,367	\$ -

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Functions/Programs (Continued)	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES			
Resource Management Division	\$ (7,979,415)	\$ -	\$ (7,979,415)
Water Protection Division	(33,924,590)	-	(33,924,590)
Resource Protection Division	(22,948,756)	-	(22,948,756)
Environmental Protection Division	(20,753,742)	-	(20,753,742)
Other Environmental Initiatives	23,385,177	-	23,385,177
Total Governmental Activities	(62,221,326)	-	(62,221,326)
BUSINESS-TYPE ACTIVITIES			
12100/32700 - Clean Water State Revolving Fund	-	9,609,438	9,609,438
33700 - Rural Infrastructure Revolving Fund	-	205,732	205,732
Total Business-Type Activities	-	9,815,170	9,815,170
TOTAL PRIMARY GOVERNMENT	(62,221,326)	9,815,170	(52,406,156)
GENERAL REVENUES AND TRANSFERS:			
General Fund Appropriations	18,582,800	-	18,582,800
Severance Tax Bond Appropriations	7,228,778	-	7,228,778
Petroleum Products Loading Fee	20,793,273	-	20,793,273
Investment Earnings	86,746	5,286,249	5,372,995
Transfers from Other Agencies	310,800	1,500,000	1,810,800
Transfers to Other Agencies	(2,117,915)	-	(2,117,915)
Transfers - INTRA Agency	994,729	(994,729)	-
Reversions FY20	(228,723)	-	(228,723)
Total General Revenues and Transfers	45,650,488	5,791,520	51,442,008
CHANGE IN NET POSITION	(16,570,838)	15,606,690	(964,148)
Net Position - Beginning of Year	51,345,832	359,460,627	410,806,459
NET POSITION - END OF YEAR	<u>\$ 34,774,994</u>	<u>\$375,067,317</u>	<u>\$409,842,311</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Major Funds					
	06400	99000	89200	93100		
		Corrective			Other	
	General	Action	Severance	GF Capital	Governmental	Total
	Fund	Fund	Tax Bonds	Outlay	Funds	Governmental
ASSETS						
Investment in State General Fund						
Investment Pool	\$ -	\$ 19,161,661	\$ 1,181,917	\$ 35,795,323	\$ 20,900,561	\$ 77,039,462
Due from Federal Government	7,956,432	-	-	-	-	7,956,432
Due from Other State Agencies	6,789	2,267,096	72,681	-	447,680	2,794,246
Due from Other State Entities	2,452,381	-	-	-	-	2,452,381
Other Receivables, Net	20,747	-	-	-	2,201,748	2,222,495
TOTAL ASSETS	\$ 10,436,349	\$ 21,428,757	\$ 1,254,598	\$ 35,795,323	\$ 23,549,989	\$ 92,465,016
LIABILITIES AND FUND BALANCES						
Liabilities:						
Investment in State General Fund						
Investment Pool Overdraft	\$ 4,102,340	\$ -	\$ -	\$ -	\$ 93,572	\$ 4,195,912
Accounts Payable	2,411,964	3,964,701	1,219,988	251,628	125,755	7,974,036
Accrued Payroll Liabilities	2,065,485	-	-	-	-	2,065,485
Due to Federal Government	19,725	-	-	-	54	19,779
Due to Other State Entities	-	-	-	-	-	-
Due to State General Fund	-	-	-	-	-	-
Other Liabilities	1,441	-	-	-	2,025	3,466
Unearned Revenues	106,400	-	34,610	-	421,459	562,469
Total Liabilities	8,707,355	3,964,701	1,254,598	251,628	642,865	14,821,147
Fund Balances:						
Restricted	2,463,978	17,464,056	-	35,543,695	22,907,124	78,378,853
Unassigned (Deficit)	(734,984)	-	-	-	-	(734,984)
Total Fund Balances	1,728,994	17,464,056	-	35,543,695	22,907,124	77,643,869
TOTAL LIABILITIES						
AND FUND BALANCES	\$ 10,436,349	\$ 21,428,757	\$ 1,254,598	\$ 35,795,323	\$ 23,549,989	\$ 92,465,016

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Funds Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 77,643,869
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Cost of Capital Assets	7,793,289
Accumulated Depreciation	<u>(6,692,104)</u>
 Total Capital Assets	 1,101,185

Long-term and certain other liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds.

Long-term and other liabilities at year-end consist of:

Pollution Remediation Obligations	(41,666,827)
Compensated Absences Payable	<u>(2,303,233)</u>
 Total Long-Term and Other Liabilities	 <u>(43,970,060)</u>

Net Position of Governmental Activities (Statement of Net Position)	<u><u>\$ 34,774,994</u></u>
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**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Major Funds					
	06400 General Fund	99000 Corrective Action Fund	89200 Severance Tax Bonds	93100 GF Capital Outlay	Other Governmental Funds	Total Governmental
REVENUES						
Environmental Fees	\$ 500	\$ 6,968	\$ -	\$ -	\$ 19,700,588	\$ 19,708,056
Petroleum Products Loading Fee	-	20,793,273	-	-	-	20,793,273
Federal Grant Revenue	19,102,317	-	-	-	200,000	19,302,317
Investment Earnings	-	-	-	-	78,267	78,267
Interest on Loans	-	-	-	-	8,479	8,479
Other Revenue	240,792	500,258	-	-	-	741,050
Total Revenues	<u>19,343,609</u>	<u>21,300,499</u>	<u>-</u>	<u>-</u>	<u>19,987,334</u>	<u>60,631,442</u>
EXPENDITURES						
Resource Management Division	7,538,635	-	-	-	-	7,538,635
Water Protection Division	19,435,961	-	-	-	-	19,435,961
Resource Protection Division	11,599,634	10,839,055	-	-	480,184	22,918,873
Environmental Protection Division	20,657,691	-	-	-	-	20,657,691
Other Environmental Initiatives	2,393,757	-	7,228,778	6,743,711	-	16,366,246
Capital Outlay	155,231	-	-	-	-	155,231
Total Expenditures	<u>61,780,909</u>	<u>10,839,055</u>	<u>7,228,778</u>	<u>6,743,711</u>	<u>480,184</u>	<u>87,072,637</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(42,437,300)	10,461,444	(7,228,778)	(6,743,711)	19,507,150	(26,441,195)
OTHER FINANCING SOURCES (USES)						
General Fund Appropriation	15,466,800	-	-	3,116,000	-	18,582,800
Transfers in - Other Agencies	310,800	-	-	-	-	310,800
Transfers in - STB	-	-	7,228,778	-	-	7,228,778
Transfers out - Other Agencies	-	(2,000,000)	-	-	-	(2,000,000)
Transfers - INTRA Agency	29,197,681	(9,150,921)	-	-	(19,052,031)	994,729
Reversions - FY20	(215,999)	-	-	(12,724)	-	(228,723)
Total Other Financing Sources (Uses)	<u>44,759,282</u>	<u>(11,150,921)</u>	<u>7,228,778</u>	<u>3,103,276</u>	<u>(19,052,031)</u>	<u>24,888,384</u>
NET CHANGE IN FUND BALANCES	2,321,982	(689,477)	-	(3,640,435)	455,119	(1,552,811)
Fund Balances - Beginning	<u>(592,988)</u>	<u>18,153,533</u>	<u>-</u>	<u>39,184,130</u>	<u>22,452,005</u>	<u>79,196,680</u>
FUND BALANCES - ENDING	<u>\$ 1,728,994</u>	<u>\$ 17,464,056</u>	<u>\$ -</u>	<u>\$ 35,543,695</u>	<u>\$ 22,907,124</u>	<u>\$ 77,643,869</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ (1,552,811)
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Amounts reported for governmental activities in the statement of activities are different because:

In the statement of activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid).

Increase in Compensated Absences for the Fiscal Year	(405,728)
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Increase in the Pollution Remediation Liability for the Fiscal Year	(14,210,611)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts were:

Capital Outlay	155,231
Depreciation Expense	(439,004)

Excess of Capital Outlay Over Depreciation Expense	(283,773)
Transfers/Adjustments for Purchase of Assets	(117,915)

Change in Net Position of Governmental Activities (Statement of Activities)	\$ (16,570,838)
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**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES – MAJOR GOVERNMENTAL
FUNDS - BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2020**

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Funds	\$ 28,328,000	\$ 28,628,240	\$ 19,102,317	\$ (9,525,923)
General Fund	17,466,800	17,466,800	15,466,800	(2,000,000)
Intra-Agency Transfers	34,468,700	35,556,912	29,508,481	(6,048,431)
Other	131,400	281,400	241,292	(40,108)
Total Revenues	80,394,900	81,933,352	64,318,890	(17,614,462)
BUDGETED FUND BALANCE	985,559	985,559	-	(985,559)
TOTAL REVENUES AND BUDGETED FUND BALANCE	<u>\$ 81,380,459</u>	<u>\$ 82,918,911</u>	64,318,890	<u>\$ (18,600,021)</u>
P-567 EXPENDITURES				
Personal Services and Employee Benefits	\$ 6,509,000	\$ 6,509,000	6,179,153	\$ 329,847
Contractual Services	540,500	454,863	355,751	99,112
Other	977,900	1,333,615	1,002,424	331,191
Total P-567 Expenditures	<u>\$ 8,027,400</u>	<u>\$ 8,297,478</u>	7,537,328	<u>\$ 760,150</u>
P-568 EXPENDITURES				
Personal Services and Employee Benefits	\$ 15,971,800	\$ 16,277,500	12,844,619	\$ 3,432,881
Contractual Services	8,385,800	8,200,900	4,521,900	3,679,000
Other	4,471,300	4,500,500	2,105,102	2,395,398
Total P-568 Expenditures	<u>\$ 28,828,900</u>	<u>\$ 28,978,900</u>	19,471,621	<u>\$ 9,507,279</u>
P-569 EXPENDITURES				
Personal Services and Employee Benefits	\$ 10,434,100	\$ 10,476,100	9,128,117	\$ 1,347,983
Contractual Services	1,755,800	1,849,371	1,002,666	846,705
Other	1,841,100	1,809,136	1,468,370	340,766
Total P-569 Expenditures	<u>\$ 14,031,000</u>	<u>\$ 14,134,607</u>	11,599,153	<u>\$ 2,535,454</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES – MAJOR GOVERNMENTAL
FUNDS - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED JUNE 30, 2020**

GENERAL FUND - TOTAL (CONTINUED)				
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
P-570 EXPENDITURES				
Personal Services and Employee Benefits	\$ 17,459,100	\$ 17,860,767	\$ 16,622,690	\$ 1,238,077
Contractual Services	1,504,000	2,042,973	948,475	1,094,498
Other	4,418,400	4,492,527	3,179,201	1,313,326
Total P-570 Expenditures	<u>\$ 23,381,500</u>	<u>\$ 24,396,267</u>	20,750,366	<u>\$ 3,645,901</u>
CAPITAL/SPECIAL APPROPRIATION EXPENDITURES				
Personal Services and Employee Benefits	\$ 1,962,200	\$ 1,962,200	349,326	\$ 1,612,874
Contractual Services	4,308,159	4,308,159	1,513,277	2,794,882
Other	841,300	841,300	531,154	310,146
Total Capital/Special Appropriation Expenditures	<u>\$ 7,111,659</u>	<u>\$ 7,111,659</u>	2,393,757	<u>\$ 4,717,902</u>
ALL EXPENDITURES				
Personal Services and Employee Benefits	\$ 52,336,200	\$ 53,085,567	45,123,905	\$ 7,961,662
Contractual Services	16,494,259	16,856,266	8,342,069	8,514,197
Other	12,550,000	12,977,078	8,286,251	4,690,827
Total All Expenditures	<u>\$ 81,380,459</u>	<u>\$ 82,918,911</u>	61,752,225	<u>\$ 21,166,686</u>
NET CHANGE IN FUND BALANCE			2,566,665	
REQUEST TO PAY PRIOR YEAR BILLS				
FY19 Bills Paid in FY20			(28,684)	
REVERSIONS TO INTRA AGENCY FUND (NOT BUDGETED)			<u>(215,999)</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 2,321,982</u>	

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES – MAJOR GOVERNMENTAL
FUNDS - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	CORRECTIVE ACTION FUND (99000)			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	19,345,400	19,345,400	21,300,499	1,955,099
Inter-agency Transfers	-	-	-	-
Total Revenues	19,345,400	19,345,400	21,300,499	1,955,099
BUDGETED FUND BALANCE	4,884,200	7,173,881	-	(7,173,881)
TOTAL REVENUES AND BUDGETED FUND BALANCE	<u>\$ 24,229,600</u>	<u>\$ 26,519,281</u>	21,300,499	<u>\$ (5,218,782)</u>
EXPENDITURES				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	2,800,000	3,721,893	3,603,970	117,923
Other	6,900,000	8,267,788	7,222,435	1,045,353
Transfers to Other Agencies	4,000,000	4,000,000	2,000,000	2,000,000
Other Financing Uses	10,529,600	10,529,600	9,150,921	1,378,679
TOTAL EXPENDITURES	<u>\$ 24,229,600</u>	<u>\$ 26,519,281</u>	21,977,326	<u>\$ 4,541,955</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER NET CHANGE IN FUND BALANCE			(676,827)	
REQUEST TO PAY PRIOR YEAR BILLS				
FY19 Bills Paid in FY20			(12,650)	
NET CHANGE IN FUND BALANCE			<u>\$ (689,477)</u>	

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2020**

	ENTERPRISE FUNDS			Total
	12100 Wastewater Facility Construction Loan Fund	32700 Clean Water Administrative Fund	33700 Rural Infrastructure Revolving Loan Fund	
ASSETS				
CURRENT ASSETS				
Investments in State General Fund				
Investment Pool	\$ 167,439,178	\$ 3,876,293	\$ 5,649,690	\$ 176,965,161
Receivables				
Loan Receivables (Completed Projects)	10,177,312	-	1,155,062	11,332,374
Loan Interest Receivables	1,045,357	-	256,328	1,301,685
Administrative Fee Receivables	-	233,925	-	233,925
Total Current Assets	178,661,847	4,110,218	7,061,080	189,833,145
NONCURRENT ASSETS				
Loan Receivables (Projects in Process)	28,998,697	-	1,110,152	30,108,849
Loan Receivables (Completed Projects)	139,378,045	-	16,125,513	155,503,558
Allowance for Uncollectible Accounts	-	-	(378,231)	(378,231)
Total Noncurrent Assets	168,376,742	-	16,857,434	185,234,176
Total Assets	347,038,589	4,110,218	23,918,514	375,067,321
LIABILITIES				
Unearned Revenue	-	-	-	-
Due to State General Fund	4	-	-	4
Total Liabilities	4	-	-	4
NET POSITION				
Restricted	347,038,585	4,110,218	23,918,514	375,067,317
Total Net Position	\$ 347,038,585	\$ 4,110,218	\$ 23,918,514	\$ 375,067,317

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020**

	ENTERPRISE FUNDS			Total
	12100 Wastewater Facility Construction Loan Fund	32700 Clean Water Administrative Fund	33700 Rural Infrastructure Revolving Loan Fund	
REVENUES				
Interest on Loans	\$ 2,119,429	\$ -	\$ 421,183	\$ 2,540,612
Interest on Investments	4,990,179	107,301	188,769	5,286,249
Debt Service Fees	-	882,140	-	882,140
Total Revenues	7,109,608	989,441	609,952	8,709,001
OPERATING INCOME	7,109,608	989,441	609,952	8,709,001
NON-OPERATING REVENUES (EXPENSES)				
Federal Grant Revenue	7,779,000	-	-	7,779,000
Grants to Other Organizations	(1,171,131)	-	(215,451)	(1,386,582)
Transfers in - Other Agencies	1,500,000	-	-	1,500,000
Transfers - Intra-Agency	(539,343)	(179,070)	(276,316)	(994,729)
Total Nonoperating Revenues (Expenses)	7,568,526	(179,070)	(491,767)	6,897,689
CHANGES IN NET POSITION	14,678,134	810,371	118,185	15,606,690
Total Net Position - Beginning	332,360,451	3,299,847	23,800,329	359,460,627
TOTAL NET POSITION - ENDING	<u>\$ 347,038,585</u>	<u>\$ 4,110,218</u>	<u>\$ 23,918,514</u>	<u>\$ 375,067,317</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020**

	ENTERPRISE FUNDS			Total
	(12100) Wastewater Facility Construction Loan Fund	(32700) Clean Water Administrative Fund	(33700) Rural Infrastructure Revolving Loan Fund	
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Cash Received on Repayment of Loan Principal	\$ 10,387,016	\$ -	\$ 1,377,779	\$ 11,764,795
Cash Received on Interest from Loans	3,246,960	-	410,310	3,657,270
Interest Payments Received from STO	4,990,179	107,301	188,769	5,286,249
Cash Received for Debt Service Fees	-	883,520	-	883,520
Cash Payments for Administrative Expenses	-	-	-	-
Cash Payments Made to Borrowers	(13,414,986)	-	(3,272,480)	(16,687,466)
Net Cash Provided (Used) by Operating Activities	5,209,169	990,821	(1,295,622)	4,904,368
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES				
Grant Proceeds - EPA	7,779,000	-	-	7,779,000
Grants to Other Organizations	(1,171,131)	-	(215,451)	(1,386,582)
Transfers In - Appropriations	-	-	-	-
Intra Agency Transfers	(539,343)	(179,070)	(276,316)	(994,729)
Net Cash Provided (Used) by Noncapital Financing Activities	6,068,526	(179,070)	(491,767)	5,397,689
NET INCREASE (DECREASE) IN CASH	11,277,695	811,751	(1,787,389)	10,302,057
Investments in State General Fund Investment Pool - Beginning of Year	156,161,483	3,064,542	7,437,079	166,663,104
INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL - END OF YEAR	<u>\$ 167,439,178</u>	<u>\$ 3,876,293</u>	<u>\$ 5,649,690</u>	<u>\$ 176,965,161</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	ENTERPRISE FUNDS (CONTINUED)			
	(12100)	(32700)	(33700)	
	Wastewater	Clean Water	Rural	
	Facility	Administrative	Infrastructure	
	Construction	Fund	Revolving	
	Loan Fund		Loan Fund	Total
RECONCILIATION OF CHANGES IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income	\$ 7,109,608	\$ 989,441	\$ 609,952	\$ 8,709,001
Change in Assets and Liabilities:				
Loans Receivable	(3,069,475)	-	(1,900,684)	(4,970,159)
Loan Interest Receivable	1,169,036	-	(4,890)	1,164,146
Administrative Fee Receivable	-	1,380	-	1,380
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,209,169</u>	<u>\$ 990,821</u>	<u>\$ (1,295,622)</u>	<u>\$ 4,904,368</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

The New Mexico Environment Department (the Department) was created on July 1, 1991, under the Department of Environment Act Laws of 1991, Chapter 25, Section 9-7A-1. The Department is a cabinet department of the executive branch of government. The chief executive of the Department is the Secretary, who is appointed by the Governor with the consent of the senate and serves in the Governor's executive cabinet. These financial statements include all funds and activities over which the Department Secretary has oversight responsibility. The Department was formed for the purpose of preserving, protecting, and perpetuating the State of New Mexico's water, air, and land. The Department also protects the safety and health of the State's people by regulating, monitoring, and inspecting public facilities and establishments.

The functions of the Department are administered through the following programs:

Resource Management Program (P-567)

The Resource Management Program provides overall executive leadership and administrative, legal, and information management support to all Department staff, the public, and oversight and regulatory bodies. This support allows the Department to operate in the most knowledgeable, efficient and cost-effective manner so that the public can receive the information it needs to hold the Department accountable.

Water Protection Program (P-568)

The purpose of the Water Protection Program is to protect and preserve the ground, surface, and drinking resources of the state for present and future generations through monitoring, sampling, and permitting processes. In addition, the program helps communities develop sustainable and secure water, wastewater, and solid waste infrastructure through funding, technical assistance, and project oversight.

Resource Protection Program (P569)

The purpose of the Resource Protection Program is to protect the air, land, groundwater, surface water, and public health through monitoring and regulatory oversight of hazardous and solid waste generation, transportation, disposal, and storage; prevention of releases of petroleum products; and monitoring and sampling at past and present U.S. Department of Energy facilities located in New Mexico.

Environmental Protection Program (P570)

The Environmental Protection Program protects New Mexico's air quality, public health and ensures safe and healthful working conditions for employees. The program provides regulatory oversight for food service and food processing facilities, liquid waste treatment and disposal, public swimming pools and baths, and mosquito abatement. It also protects the environment through specific programs that provide public outreach and education and regulatory oversight of treatment with medical radiation and disposal of radioactive material including transportation to the Waste Isolation Pilot Plant. The program also provides public outreach and education about radon in homes and public buildings.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Reporting Entity

The financial statements for the Department have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

The statement of activities demonstrates the degree to which the direct expenditures of a function are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific Department's function. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by the Department, such as permit fees and remediation monitoring. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Indirect expenditures are allocated based on a prorated measure of direct expenditures.

Net position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. It is the Department's policy to apply disbursements first to restricted assets and then to non-restricted. Restricted assets arising from enabling legislation means the restrictions are legally enforceable. Legally enforceable means a government can be compelled by an external party to use resources only for purposes specified by legislation.

The net cost (by function) is normally covered by general revenues (intergovernmental revenues, interest income, etc.). The Department does not currently employ indirect cost allocation systems.

This government-wide focus is more on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements emphasis is on the major fund in the governmental category.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Department's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental column on the government-wide presentation.

The Department is a "department" of the State of New Mexico and will be included in any statewide Comprehensive Annual Financial Report. In accordance with the criteria set forth in GASB No. 14 (as amended by GASB No. 39 and No. 61) for determining component units, the Department does not have any component units.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Department first uses restricted resources, then unrestricted resources.

The Department administers the Clean Water State Revolving Loan Fund (the Fund) pursuant to Title VI of the Federal Water Quality Act of 1987, which consists of the Clean Water Administrative Fund (32700) and the Wastewater Facility Construction Loan Fund (12100). The Environmental Protection Agency (EPA) requires the Department to submit an annual report of the Fund. As a result, the Department issues a separate set of financial statements consisting of these two funds of the Department.

Basis of Presentation – Fund Accounting

The accounts of the Department are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The various funds are summarized by type in the accompanying financial statements. The following fund types are used by the Department:

Governmental Fund Types – All governmental fund types are accounted for on a spending or financial flow measurement focus.

Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Accounting (Continued)

The Department reports the following major governmental funds:

General Fund (06400) – The General Fund is the operating fund of the Department. It is used to account for all operating activities of the Department, except those requiring other governmental fund types. The General Fund is a reverting fund. Source of funding: General fund appropriation, federal grant revenue and other revenues.

Corrective Action Fund (99000) – Created by State Statute 74-6B-7. This Special Revenue fund is intended to provide for financial assurance coverage requirements by federal law and shall be used by the division to take corrective action in response to a release, to pay for the costs of a minimum site assessment in excess of ten thousand dollars, to pay the State's share of federal leaking underground storage tank trust fund cleanup costs as required by the Federal Resource Conservation and Recovery Act and to make payments to or on behalf of owners and operators in accordance with Section 74-6B-13. This fund is nonreverting.

Severance Tax Bonds (89200) – This Capital Project fund was established to account for the sale of severance tax bonds to provide funds for various waste handling projects. The fund is a reverting fund. Source of funding: Severance tax bonds.

GF Capital Outlay (93100) – This fund was established to account for Capital Outlay projects utilizing General Fund Appropriations. The fund is reverting.

The Department reports the following nonmajor governmental funds:

Special Revenue Funds – Special revenue funds account for the proceeds of revenue sources that are limited to specific expenditures. These revenue sources must provide a "substantial" amount (defined as 50% or more) of the funding accounted for in a special revenue fund. The standard further limits the use of this fund to expenditures that are not related to capital outlay or debt service.

Proprietary Fund Types – The focus of Proprietary Fund measurement is based upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector.

Enterprise Funds – Enterprise Funds are required to account for operations for which a fee is charged to external users for goods and services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues; (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or (c) has pricing policy designed for the fees and charges to recover similar costs.

These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - Fund Accounting (Continued)

Proprietary funds distinguish operating revenues and expenditures from non-operating items. Operating revenues and expenditures generally result from providing services and producing and delivering goods regarding a proprietary fund's principal ongoing operations. The principal operating revenues of the funds are interest on loans made to municipalities for water projects and other projects. Operating expenditures include administrative expenditures required to manage and operate the fund. All revenues and expenditures not meeting this definition are reported as nonoperating revenues and expenditures.

The Department reports the following major proprietary funds:

Wastewater Facility Construction Loan Fund (12100) – Created by State Statute 74-6A-4. The fund is a revolving loan fund used to provide low-cost financial assistance to local authorities to construct or modify wastewater facilities. The net position balance is restricted by state statute for future loans. This fund is nonreverting.

Clean Water Administrative Fund (32700) – Created by State Statute 74-6A-4.1. The Clean Water Administrative Fund is a dedicated fund, and all money in the Clean Water Administrative Fund is appropriated to the Department to be used solely to administer the Wastewater Facility Construction Loan Fund. The net position balance is restricted by state statute for administering the Wastewater Facility Construction Loan Fund. This fund is nonreverting.

Rural Infrastructure Revolving Loan Fund (33700) - Created by State Statute 75-1-3. The fund is a revolving loan fund used to make loans and grants to local authorities, individually or jointly, for water supply facilities. The net position balance is restricted by state statute for future loans. This fund is nonreverting.

Fiduciary Fund Types - Fiduciary funds are used to report assets held in trustee or agency capacity for others and, therefore, are not available to support Department programs. The reporting focus is upon changes in assets and liabilities and employs accounting principles similar to proprietary funds. The Department has no fiduciary funds.

Agency Funds – Agency Funds are used to account for assets held by the Department in the capacity of trustee or agent. Penalties Fund (65200) was reported in prior years as an Agency Fund. This fund has been reclassified as a Special Revenue Fund for the fiscal year ended June 30, 2020. The Department of Finance and Administration is working on a process to determine how to address the mechanics of the penalties and how it should be transferred to the Department of Finance and Administration.

Basis of Accounting

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Governmental Fund Financial Statements. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2020 has been reported only in the government-wide financial statements.

The financial activities of the Department are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Department uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Federal funds are recorded as revenues when expenditures have been incurred on behalf of one or more of the Department's federal award programs and when all eligibility requirements have been met. Special appropriations are recorded as revenues when they are available. Major revenue sources susceptible to accrual include: petroleum products loading fee, permit fees for air emission discharge, underground storage tank fees, food and pool permit fees, hazardous waste permits and generator fees. These sources are recorded when available and when revenues are determinable. Bond proceeds are recognized when all eligibility requirements have been met.

Budgets and Budgetary Accounting

The state Legislature makes annual appropriations to the Department. Annual appropriations lapse at fiscal year-end unless otherwise specified in the legislation. Legal compliance is monitored through the establishment of a budget and a financial control system that permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the category level. Budgeted category amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration (DFA) within the limitations as specified in the General Appropriation Act.

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the Department of Finance and Administration." The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. The legal level of budgetary control is at the appropriation program level (A-Code, P-Code, and Z-Code). A-Codes pertain to capital outlay appropriations (general obligation/severance tax or state general fund). P-Codes pertain to program operating funds. Z-Codes pertain to special appropriations.

Interfund Transactions

Transfers which, because of budgetary or legal restrictions, must be expended by funds other than the fund initially receiving the revenue are recorded as operating transfers in (out) under the other financing sources (uses) category. A summary of these transactions is outlined in Note 8.

Modified Accrual

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Codification, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and unearned revenue by the recipient.

Receivables

Petroleum Storage Tank Bureau. The Petroleum Storage Tank Bureau has a database of receivable balances from various prior periods which are deemed uncollectible due to their age.

However, the Department has an ongoing project to investigate and resolve all outstanding balances. Collection efforts have been successful in some of the resolved cases. In other cases, the Bureau determined that the balances were uncollectible. This effort is still ongoing and will take three to five years before completion.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets are recorded at their estimated acquisition value at the time of acquisition. Additions, improvements and other capital outlays exceeding \$5,000 that significantly extend the useful life of an asset are capitalized per Section 12-6-10 NMSA 1978.

Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives in years:

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Reportable IT Maintenance	5
Reportable IT Services	5
Furniture and Fixtures	7
Data Processing Equipment	5
Machinery and Equipment	5
Library and Museum	7
Automotive	5
Buildings and Structures	27 ½

Compensated Absences

Accrued vacation up to 240 hours is recorded in the statement of net position at 100% of the employee's hourly wage. In addition, accrued sick leave over 600 and up to 720 hours (less the amount classified as current) is recorded in the statement of net position at 50% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour. The accrual for compensated absences is calculated at pay rates in effect at June 30, 2020 and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Department did not have any items that qualified for reporting in this category as of June 30, 2020.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Department did not have any items that were required to be reported in this category as of June 30, 2020.

Pension Plan

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, the total pension liability exceeds Plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Plan (Continued)

presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the State General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501.

Other Postemployment Benefits

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in the State of New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the state. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted, and unrestricted.

Net Investment in Capital Assets

Net investment reflects the portion of net position which are associated with nonliquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Department has no debt related to capital assets.

Restricted

Restricted assets are liquid assets generated from revenues but not bond proceeds which have third-party (statutory, bond covenant or granting agency) limitations on their use. Of the reported restricted net assets on the government-wide statement of net position, all are restricted by enabling legislation. Specific purposes of restrictions are for statutory requirements, loans on water and wastewater projects and special revenue funds. According to underground storage tank regulation section 1507(A), "the Department shall maintain a reserve of one million dollars (\$1,000,000) in the fund for the costs of taking first and second priority emergency corrective action."

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted

Unrestricted assets represent assets that do not have third-party limitations on their use. The Department has an unrestricted deficit as of June 30, 2020 as a result of long-term liabilities that are to be funded as they become due rather than when they are incurred.

Tax Abatements

The Department does not abate taxes and has not been materially impacted by any tax abatement agreements entered into by other governmental entities.

Fund Balances

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or, in some cases, by legislation. See additional information about fund balances below.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Restricted – Government Fund Financial Statements

The following table identifies the funds that are affected by enabling legislation and the respective balances:

RESTRICTED - MAJOR FUNDS

Fund	Description	Enabling Legislation	Restricted Fund Balance
06400	General Fund	Various	\$ 2,463,978
93100	GF Capital Outlay	Various	35,543,695
99000	Corrective Action Fund	NM 74-6B-7	17,464,056
Subtotal, Restricted-Major Funds			55,471,729

RESTRICTED - OTHER GOVERNMENTAL FUNDS

Fund	Description	Enabling Legislation	Restricted Fund Balance
02600	Recycling & Illegal Dumping Fund	NM 74-13-19	1,948,635
06600	Voluntary Remediation Fund	NM 74-4G-11	80,100
09200	Air Quality Title V Fund	NM 74-2-15	1,362,275
10980	Nuclear Workers Assistance Fund	NM 74-1-17	46,721
11900	Brownfields Cleanup Revolving Loan Fund	NM 74-4G-11.1	2,548,884
24800	Responsible Parties Fund	NM 74-6B-7	109,063
33900	Hazardous Waste Fund	NM 74-4-4.5	1,111,795
34000	Liquid Waste Fund	NM 74-1-15	493,723
34100	Water Quality Management Fund	NM 74-6-5.2	492,739
40000	Water Recreation Facilities Fund	NM 74-1-16	4,888
56700	Water Conservation Fund	NM 74-1-13	955,778
58400	Public Water Supply System Operator and Public Wastewater Operator Fund	NM 61-33-5	24,041
59200	Radiation Protection Fund	NM 74-3-5.1	1,230,607
63100	State Air Quality Permit Fund	NM 74-2-15	8,128,484
63200	Solid Waste Facility Grant Fund	NM 74-9-41	191,550
78300	Solid Waste Permit Fees	NM 74-9-8(I)	124,457
95700	Hazardous Waste Emergency Fund	NM 74-4-8	1,920,511
98700	Radiologic Technology Fund	NM 61-4E-10	374,247
98900	Storage Tank Fund	NM 74-4-4.8	535,409
99100	Food Service Sanitation Fund	NM 25-1-5.1	1,223,217
Subtotal, Restricted-Other			22,907,124
Total - All Governmental Funds			<u>\$ 78,378,853</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-Term Debt

The Department did not have any short-term debt activity during the year.

Eliminations

Interfund eliminations have not been made in the aggregation of the governmental fund financial statements. Interfund transfers and due to/due from amounts shown in the governmental financial statements are eliminated in the government-wide statement of net position and statement of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly-liquid investments within a maturity of three months or less when purchased to be cash equivalents.

Risk Management

The Department, as a "State Agency" defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the General Services Department of the State of New Mexico. The Department pays annual premiums to the Risk Management Division for coverage provided in the following areas:

Liability and civil rights protection for claims made by others against the State of New Mexico.

- Coverage to protect the State of New Mexico's property and assets.
- Fringe benefit coverage for State of New Mexico employees.

NOTE 3 INVESTMENT IN STATE GENERAL FUND INVESTMENT POOL

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

A reconciliation of claims on the SGFIP to the related assets managed by STO assets is performed monthly. There is no material difference between the two amounts.

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the SGFIP managed by the New Mexico State Treasurer's Office.

At June 30, 2020, the Department had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool	<u>\$ 249,808,711</u>
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**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 INVESTMENT IN STATE GENERAL FUND INVESTMENT POOL (CONTINUED)

Interest Rate Risk – The New Mexico State Treasurer’s Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk – The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer’s Office for the fiscal year ended June 30, 2020.

NOTE 4 OTHER RECEIVABLES

Brownfields Cleanup Revolving Loan Fund (11900)	\$ 1,958,002
Hazardous Waste Fund (33900)	92,250
Radiation Protection Fund (59200)	84,735
Food Service Sanitation Fund (99100)	31,900
General Fund (06400)	20,747
State Air Quality Permit Fund (63100)	16,730
Storage Tank Fund (98900)	18,131
Total Other Receivables, Net	<u>\$ 2,222,495</u>

The Brownfields Cleanup Revolving Loan Fund provides loans from federal grant proceeds to various parties to carry out cleanup activities at Brownfields sites. At June 30, 2020, the fund consisted of three loans with private parties:

- One loan was in repayment and had a principal balance of \$728,463. Payments began June 30, 2017 in equal monthly installments of \$8,777. Payments will be made over 10 years, with a final payment due May 15, 2027. This receivable is considered fully collectible.
- One loan was in repayment and had a principal balance of \$289,824. Interest only payments began March 15, 2019 in twelve equal monthly installments of \$500. Interest and principal payments begin March 15, 2020 in monthly installments of \$3,038. Payments will be made over 10 years, with a final payment due February 15, 2029. This receivable is considered fully collectible.
- One loan was in repayment and had a principal balance of \$939,715. Payments began in 2020. Payments will be made over 10 years in equal monthly installments of \$7,087 and one final balloon payment of \$200,000. This receivable is considered fully collectible.

The Storage Tank Permit Fee is a \$100 annual fee charged on each underground storage tank. The tank fees are invoiced May 1 and are due July 1 for the next fiscal year. A past-due notice is sent in October and a late fee of 25% of the unpaid amount is charged. The Hazardous Waste revenues are composed of various permits and fee charges, including hazardous waste permits, annual unit audits, annual generator fees and WIPP permits.

Other receivables represent other various fee and permit related receivables, which are considered fully collectible.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 CONSTRUCTION AND MORTGAGE LOANS

Construction and mortgage loans represent interest-bearing funds advanced to various municipalities and water control districts within the state to construct or modify wastewater or water supply facilities. Construction loans represent those projects still under construction. Interest is accrued on loans in the construction phase. Upon completion, accrued interest is either paid or added to the principal balance of the mortgage loan. The mortgage loans represent completed projects and the Department is receiving payments of principal and interest.

The allowance for uncollectible accounts is based on estimated collectible balances using an analysis of an aging of outstanding accounts and historical collection experience. For Fund 12100, no provision for uncollectible accounts has been made as all loans are current and management believes that all loans will be repaid according to the loan terms. The Department may not forgive a loan without Legislative approval.

Construction and mortgage loans as of June 30, 2020 consist of the following:

	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Construction Loans in Progress	\$ 28,998,697	\$ 1,110,152	\$ 30,108,849
Mortgage Loans on Completed Projects, Noncurrent and Current	149,555,357	17,280,575	166,835,932
Accrued Interest	1,045,357	256,328	1,301,685
Allowance for Uncollectible Accounts	-	(378,231)	(378,231)
Total	<u>\$ 179,599,411</u>	<u>\$ 18,268,824</u>	<u>\$ 197,868,235</u>

The above loans are secured by pledged revenues of the borrower's water and sewer systems and bear interest at rates ranging from 0% to 3% per annum. Construction loans in process are transferred to mortgage loans upon completion of the project.

Mortgage loans are paid in annual installments, including interest, ranging from \$1,000 to \$1,921,489 through January 8, 2048, in the Wastewater Facility Construction Loan Fund and \$100 to \$133,048 through January 14, 2040 monthly and annual installments in the Rural Infrastructure Revolving Loan Fund.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)

The following is a schedule of future annual payments including principal, interest, and administrative fee as of June 30, 2020:

(12100) Wastewater Facility Construction Loan Fund

<u>Years Ending June 30,</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Fee Payments</u>	<u>Total</u>
2021	\$ 10,177,312	\$ 1,726,673	\$ 452,095	\$ 12,356,080
2022	11,107,494	1,757,632	422,734	13,287,860
2023	11,287,390	1,607,570	392,901	13,287,861
2024	11,150,907	1,454,245	362,504	12,967,656
2025	11,329,224	1,303,406	331,532	12,964,162
2026 and Thereafter	94,503,030	6,757,056	1,845,665	103,105,751
Completed Projects Totals	<u>\$ 149,555,357</u>	<u>\$ 14,606,582</u>	<u>\$ 3,807,431</u>	<u>\$ 167,969,370</u>

(33700) Rural Infrastructure Revolving Loan Fund

<u>Years Ending June 30,</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Fee Payments</u>	<u>Total</u>
2021	\$ 1,073,283	\$ 438,267	\$ -	\$ 1,511,550
2022	1,099,816	440,078	-	1,539,894
2023	1,118,111	495,774	-	1,613,885
2024	1,141,798	461,265	-	1,603,063
2025	1,169,276	426,004	-	1,595,280
2026 and Thereafter	11,678,291	2,702,815	-	14,381,106
Completed Projects Totals	<u>\$ 17,280,575</u>	<u>\$ 4,964,203</u>	<u>\$ -</u>	<u>\$ 22,244,778</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)

The following is a detailed summary of major borrowers and loan balances for construction and mortgage loans at June 30, 2020.

Construction loans in progress:

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Grants	\$ 17,208,564	\$ -	\$ 17,208,564
Los Lunas	6,650,822	-	6,650,822
Gallup	2,207,142	-	2,207,142
El Valle de Los Ranchos Water & Sanitation District	681,516	-	681,516
Farmington	538,652	-	538,652
Rio Arriba	493,500		493,500
Southern Sandoval County Arroyo Flood Control	327,660	-	327,660
Tijeras	297,500	-	297,500
Los Alamos	286,524		286,524
Other Communities	306,817	184,571	491,388
Dona Ana MDWCA	-	925,581	925,581
Total	<u>\$ 28,998,697</u>	<u>\$ 1,110,152</u>	<u>\$ 30,108,849</u>

NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)

Mortgage loans on completed projects:

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
City of Farmington	\$ 26,278,062	\$ -	\$ 26,278,062
City of Hobbs	24,990,127	-	24,990,127
City of Portales	22,593,000	664,618	23,257,618
City of Carlsbad	17,800,189	-	17,800,189
Village of Los Lunas	12,055,287	-	12,055,287
City of Las Vegas	7,197,779	-	7,197,779
Los Alamos County	6,486,547	-	6,486,547
City of Aztec	5,591,237	-	5,591,237
Dona Ana MDWCA	-	5,520,123	5,520,123
City of Clovis	3,915,278	-	3,915,278
City of Lovington	3,190,634	-	3,190,634
City of Espanola	3,064,112	-	3,064,112
Dona Ana County	2,366,099	-	2,366,099
Town of Peralta	1,500,000	1,835,667	3,335,667
El Valle de Los Ranchos Water & Sanitation	1,421,133	288,340	1,709,473
City of Belen	1,386,264	-	1,386,264
Village of Chama	-	1,185,123	1,185,123
City of Socorro	1,125,757	-	1,125,757
Southern Sandoval County Arroyo Flood Control	1,106,212	-	1,106,212
City of Bloomfield	1,026,626	306,715	1,333,341
City of Santa Rosa	986,788	-	986,788
Taos Ski Valley	888,667	-	888,667
Village of Cloudcroft	-	843,601	843,601
Estancia Valley Solid Waste Authority	784,407	459,535	1,243,942
Town of Taos	780,000	-	780,000
City of Bayard	701,682	-	701,682
Paa-ko Communities Sewer Association	-	691,307	691,307
San Juan County	601,519	-	601,519
Greentree Solid Waste Authority	-	531,338	531,338
Lower Rio Grande PWWA	-	502,841	502,841
Village of Cuba	384,465	51,102	435,567
City of Moriarity	-	335,466	335,466
De Baca County	-	309,017	309,017
Navajo Dam DWS & SWA	-	306,337	306,337
City of Elephant Butte	279,283	573,364	852,647
Sandoval County	273,338	631,006	904,344
Other Communities	780,865	2,245,075	3,025,940
Total	<u>\$ 149,555,357</u>	<u>\$ 17,280,575</u>	<u>\$ 166,835,932</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 DUE FROM AND DUE TO OTHER FUNDS

Due from and due to other funds are amounts due from and to other funds within the Department. A significant portion of these balances during the year represents the differences between the amounts transferred from the Special Revenue Funds and the Clean Water Administrative Fund to the General Fund and the amounts expended in the General Fund on behalf of the Special Revenue Funds. As of June 30, 2020, the Department did not have any amounts due from/to other funds as the amounts were transferred as of the year end.

NOTE 7 DUE FROM AND DUE TO OTHER STATE AGENCIES/ENTITIES

Transactions that occur among state agencies legislative mandate, exchange transactions, and other situations are accounted for in the financial statements which make up the due from and due to other state agencies. The due from and due to other agencies balances at June 30, 2020 consist of the following:

NMED Fund	Agency	Business Unit No.	Other Agency's Fund No.	Amount
Due From Other State Agencies				
Governmental Funds:				
65200	Due from State General Fund of DFA - Over Reversion	34101	85300	\$ 93,572
89200	Due from DFA - STB	34101	85300	72,681
06400	Due from Office of Natural Resources and Trustee	66800		5,459
06400	Due from NMEDD - for 4th Quarter billing	18900	41900	525
06400	Due from NMDMA - for FY20 billing	70500	99200	805
99000	Due from NM TRD for Petroleum Products Loading Fee (A)	33300	82800	2,267,096
56700	Due from NM TRD for Water Conservation Fee (B)	33300	82800	354,108
Total Governmental Funds				<u>\$ 2,794,246</u>

Transactions that occur among other state entities exchange transactions and other situations are accounted for in the financial statements which make up the due from and due to other state entities. The due from and due to other state entities balances consist of reimbursements for drinking water set-asides for small water systems and at June 30, 2020 consist of the following:

NMED Fund	Entity	Other Entity's Business Unit	Amount
Due From Other State Entities			
06400	Due from the NMFA for DWSRF set-aside pass-throughs (C)	38500	\$ 2,452,381

(A) TRD collects the petroleum product loading fee which is transferred to the NMED for the Corrective Action Fund. The June distribution was not received by year end.

(B) New Mexico Taxation and Revenue Department (TRD) collects monthly taxes for every 1,000 gallons of water pumped out of the ground for drinking water use. NMED

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DUE FROM AND DUE TO OTHER STATE AGENCIES/ENTITIES (CONTINUED)

(B) (continued) receives this tax as a monthly distribution to the Water Conservation Fund. The June distribution was not received by year end.

(C) The New Mexico Financial Authority (NMFA)s receives an annual capitalization grant for the Drinking Water State Revolving Loan Fund (DWSRF). NMFA passes the set asides through to NMED from each capitalization grant.

NOTE 8 TRANSFERS

Intra-Agency transfers as of June 30, 2020 are as follows:

	Transfers In	Transfers Out
Governmental Funds Intra-Agency Transfers:		
General Fund - 06400	\$ 28,202,952	\$ -
Special Revenue Funds:		
02600	-	254,654
06600	-	5,544
09200	-	5,657,663
10980	-	52,719
11900	-	-
24800	-	155,731
33900	-	1,874,663
34000	-	665,148
34100	-	627,925
40000	-	282,058
56700	-	2,952,022
58400	-	86,338
59200	-	977,919
63100	-	2,945,709
78300	-	21,736
95700	-	164,742
98700	-	104,670
98900	-	380,618
99000	-	9,150,921
99100	-	1,842,172
Total	<u>\$ 28,202,952</u>	<u>\$ 28,202,952</u>
Proprietary Funds Intra-Agency Transfers:		
06400	\$ 994,729	\$ -
12100	-	539,343
32700	-	179,070
33700	-	276,316
Total*	<u>\$ 994,729</u>	<u>\$ 994,729</u>

* Proprietary Funds Intra-Agency Transfers Out are included with Transfers - INTRA Agency on the statement of revenues, expenses, and changes in fund net position.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 TRANSFERS (CONTINUED)

Intra-Agency transfers occur primarily from special revenue funds to the general operating fund since certain revenues are recorded in the special revenue funds, but related expenditures are budgeted and incurred through the general operating fund. All transfers are routine and consistent with fund activity.

Transfers to Other Agencies as of June 30, 2020 are as follows:

Governmental Fund Transfers to Other Agencies

NMED Fund	Agency	Other Agency's Fund	Description	Amount
99000	Dept. of Finance and Administration - 34101	85300	Sweeps to State General Fund	\$ 2,000,000
Total Government Fund Transfers to Other Agencies				<u>\$ 2,000,000</u>

Governmental Fund Transfers From Other

NMED Fund	Agency	Other Agency's Fund	Description	Amount
06400	Dept. of Finance and Administration - 34101	85300	FY20 Compensation Increase	\$ 310,800
06400	Dept. of Finance and Administration - 34101	85300	General Fund Appropriation	15,466,800
93100	Dept. of Finance and Administration - 34101	85300	General Fund Appropriation	3,116,000
89200	Dept. of Finance and Administration - 34101	85300	Severance Tax Bond Appropriations	7,228,778
Total Government Fund Transfers From Other Agencies				<u>\$ 26,122,378</u>

NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 CAPITAL ASSETS

A summary of changes in capital assets owned by the Department is as follows:

	Balance, June 30, 2019	Additions	Deletions	Transfers/ Adjustments	Balance, June 30, 2020
Furniture and Fixtures	\$ 250,449	\$ -	\$ -	\$ -	\$ 250,449
Data Processing Equipment	799,831	-	-	-	799,831
Machinery and Equipment	2,821,554	37,316	-	-	2,858,870
Library and Museum	35,511	-	-	-	35,511
Automotive	17,620	117,915	-	(117,915)	17,620
Buildings and Structures	18,225	-	-	-	18,225
Total	3,943,190	155,231	-	(117,915)	3,980,506
Accumulated Depreciation					
Furniture and Fixtures	(223,479)	(3,784)	-	-	(227,263)
Data Processing Equipment	(318,091)	(90,983)	-	-	(409,074)
Machinery and Equipment	(2,096,811)	(228,915)	-	-	(2,325,726)
Library and Museum	(35,511)	-	-	-	(35,511)
Automotive	(587)	(3,524)	-	-	(4,111)
Buildings and Structures	(5,538)	(833)	-	-	(6,371)
Total Accumulated Depreciation	(2,680,017)	(328,039)	-	-	(3,008,056)
Net Capital Assets	<u>\$ 1,263,173</u>	<u>\$ (172,808)</u>	<u>\$ -</u>	<u>\$ (117,915)</u>	<u>\$ 972,450</u>

Depreciation expense for the year ended June 30, 2020 was allocated to the following:

Resource Management Division	\$ 35,052
Water Protection Division	90,371
Resource Protection Division	106,565
Environmental Protection Division	96,051
Total Depreciation Expense by Program	<u>\$ 328,039</u>

The Department transferred a net book value of \$117,915 in automotive to the New Mexico General Services Department.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 CAPITAL ASSETS (CONTINUED)

The Corrective Action Fund tracks fixed assets separately. A summary of assets owned by the Corrective Action Fund is as follows:

	Balance, June 30, 2019	Additions	Deletions	Transfers/ Adjustments	Balance, June 30, 2020
Corrective Action Fund Assets	\$ 3,812,783	\$ -	\$ -	\$ -	\$ 3,812,783
Total	3,812,783	-	-	-	3,812,783
Accumulated Depreciation					
Corrective Action Fund Assets	(3,573,083)	(110,965)	-	-	(3,684,048)
Total Accumulated Depreciation	(3,573,083)	(110,965)	-	-	(3,684,048)
Net Capital Assets	\$ 239,700	\$ (110,965)	\$ -	\$ -	\$ 128,735

Depreciation expense for the year ended June 30, 2020 was allocated to the following:

Resource Protection Division	\$ 110,965
Total Depreciation Expense by Program	\$ 110,965

NOTE 10 COMPENSATED ABSENCES

The following is a summary of compensated absences of the Department for the year ended June 30, 2020:

	Balance, June 30, 2019	Additions	Deletions	Balance, June 30, 2020	Due in One Year
Compensated Absences	\$ 1,897,505	\$ 1,567,310	\$ (1,161,582)	\$ 2,303,233	\$ 2,205,373

Substantially, all of the compensated absences balances have been paid by the General Fund in prior years. The amount of compensated absences is calculated by multiplying the vested hours by the pay rate at year-end plus applicable payroll taxes.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 POLLUTION REMEDIATION OBLIGATIONS

Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations (GASB 49), provides guidance in estimating and reporting the potential costs of pollution remediation. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post closure care. While GASB 49 does not require the Department to search for pollution, it does require the Department to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the Department is compelled to take action,
- The Department is found in violation of a pollution related permit or license,
- The Department is named, or has evidence that it will be named, as a responsible party by a regulator,
- The Department is named, or has evidence that it will be named, in a lawsuit to enforce a cleanup, or
- The Department commences or legally obligates itself to conduct remediation activities.

The following details the nature of the identified sites, the methodology used in the estimate, and the estimated liability.

Leaking Petroleum Storage Tanks (LPST)

The Department oversees cleanups of LPST sites and reimburses eligible parties from the PST corrective action fund, which has paid for the vast majority of LPST cleanups. The corrective action fund is intended to provide for financial assurance coverage and shall be used by the Department to the extent revenues are available to make payments on behalf of owners and operators for corrective action in accordance with Section 74-6B-13 NMSA. However, per section 74-6B-7: 1) when revenues are limited and the fund can no longer be approved as a financial responsibility mechanism, priorities for expenditures from the fund shall be based on financial need, 2) nothing in this section authorizes payments or commitments for payments in excess of the funds available, and 3) within 60 days after receipt of notification that the corrective action fund has become incapable of paying assured corrective actions, the owner or operator shall obtain alternative financial assurance acceptable to the Department. The nature of the majority of LPST sites includes other identified responsible parties or sites in which there is not an imminent danger to the public health or environment and is limited as noted in Section 74-6B-7 to available funds in the corrective action fund and the Department has not recorded a remediation liability related to these sites as of June 30, 2020. However, for priority 1 State Lead sites in which there is an imminent danger to the public health or environment and the Department has obligated itself to begin remediation clean-up activities as a result of an unwilling or unable property \$1,431,964 as of June 30, 2020.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)

Superfund

The Superfund Oversight Section of the Department assists the United States Environmental Protection Agency (EPA) in characterization of inactive hazardous waste sites; identifies sites which warrant remedial or removal action under Superfund (CERCLA); and oversees remedial activities and provides management assistance to EPA at Superfund sites listed on the National Priorities List (NPL). There are currently 16 listed Superfund sites in New Mexico which are in various stages of investigation and remediation. One of the 16 listed Superfund sites was placed on the NPL in April 2016. The site is currently in the scoping phase of the investigation in which no financial obligation exists. The Department estimates it will take at least 2 or 3 years before a Record of Decision is issued by the EPA. As of June 30, 2020, this site is excluded from the estimated pollution remediation liability.

The primary objective of the Superfund Oversight Section is to address releases or threatened releases of hazardous substances that pose an imminent or substantial endangerment to public health and safety or the environment. The major functions of the Superfund Program are to investigate and evaluate the release or threatened release of hazardous substances and identify responsible parties and remediate sites on the National Priorities List to ensure protection of human health and the environment.

The pollution remediation liability for Superfund sites was calculated by estimating the remediation liabilities for active sites in New Mexico. Sites for which one or more Potentially Responsible Parties is performing or funding the investigation and cleanup were excluded from the estimate. In cases where a viable potential responsible party has not been identified, federal funds will cover 100% of the investigation costs and 90% of the cleanup costs for up to 10 years. The state must assure payment of 10% of the cleanup costs for the first 10 years and 100% of the costs for any cleanup actions required beyond 10 years. Although there is no cost share requirement for sites where removal actions are performed, the State is responsible for 100% of post removal operation and maintenance.

Site estimates were based on budget projections to cover necessary activities for the upcoming fiscal year, along with estimated costs for future years and phases, plus direct salaries and benefits. For sites or phases without budget projections, Superfund Program and Project Managers estimated costs for the Superfund phases of investigation and cleanup based on experience with similar sites. Site estimates may change drastically from one year to another as the investigations continue or remediation progresses. The estimate is subject to change due to price changes, technology changes, changes in applicable laws and regulations, or other unforeseen conditions. The Department does not expect any recoveries from other responsible parties that would reduce this liability. As of June 30, 2020, the estimated pollution remediation liability for Superfund sites totals \$40,234,863.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)

Superfund (Continued)

	Balance, June 30, 2019	Additions	Deletions	Balance, June 30, 2020
SUPERFUND				
Amount Due Within One Year	\$ 620,523	\$ 1,074,582	\$ (460,513)	\$ 1,234,592
Amount Due in More Than				
One Year - Beginning Balance	25,216,082	13,784,189	-	39,000,271
Total Superfund Oversight				
Remediation Liabilities	<u>\$ 25,836,605</u>	<u>\$ 14,858,771</u>	<u>\$ (460,513)</u>	<u>\$ 40,234,863</u>
LEAKING TANKS				
Amount Due Within One Year	\$ -	\$ -	\$ -	\$ -
Amount Due in More Than				
One Year	1,619,611	1,431,964	(1,619,611)	1,431,964
Total Leaking Tanks				
Remediation Liabilities	<u>\$ 1,619,611</u>	<u>\$ 1,431,964</u>	<u>\$ (1,619,611)</u>	<u>\$ 1,431,964</u>
TOTAL POLLUTION				
REMEDICATION LIABILITY				
Amount Due Within One Year	\$ 620,523	\$ 1,074,582	\$ (460,513)	\$ 1,234,592
Amount Due in More Than				
One Year	26,835,693	15,216,153	(1,619,611)	40,432,235
Grand Total Pollution				
Remediation Liability	<u>\$ 27,456,216</u>	<u>\$ 16,290,735</u>	<u>\$ (2,080,124)</u>	<u>\$ 41,666,827</u>

This liability is paid from the Department's special revenue funds and the general fund.

NOTE 12 REVERSIONS

In accordance with statute Section 6-5-10(A) NMSA 1978, all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert. The Department did have reversions to the State General Fund for FY20. These payables may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor.

NOTE 13 PETROLEUM PRODUCTS LOADING FEES

The following is the summary of the petroleum products loading fees received from the New Mexico Department of Taxation and Revenue, recorded in the Corrective Action Fund (99000).

Petroleum Products Loading Fees	<u>\$ 20,793,273</u>
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**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the Department are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contribution to PERA for the fiscal year ending June 30, 2020 was \$5,537,633, which is equal to the amount of the required contribution for the fiscal year.

NOTE 15 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description

The Department contributes to the New Mexico Retiree Health Care Fund; a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf, unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 15 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2020, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; each participating employee was required to contribute 1.00% of their salary.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The employer, employee and retiree contributions are required to be remitted to the RHCA monthly. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Department's contribution to the RHCA for the year ended June 30, 2020 was \$642,580, which is equal to the required contribution for the year.

NOTE 16 COMMITMENTS

Corrective Action Fund (99000)

The Corrective Action Fund uses only single site contracts. Workplans are submitted and approved for all site work. The workplans will be paid for as contractors submit claims for work performed. The Department plans to pay for projects completed under the workplans from revenues received by the Corrective Action Fund from the New Mexico Taxation and Revenue Department for petroleum products loading fees.

NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 COMMITMENTS (CONTINUED)

Loan Commitments

Wastewater Loan Construction Fund – As of June 30, 2020, the Department has executed binding commitments to disburse \$26,333,000 for future loans.

Rural Infrastructure Loan Fund – As of June 30, 2020, the Department has executed binding commitments to disburse \$1,854,806 for loans and grants from the fund.

Operating Leases

The Department leases equipment, vehicles, and real property under operating leases. Operating leases do not give rise to eventual property rights or lease obligations and, therefore, the effect of the lease obligations is not reflected in the Department's liabilities. Operating leases are subject to future appropriations and are cancelable by the Department at the end of each fiscal year. The Department has commitments for lease obligations for the following periods in the following amounts:

<u>Years Ending June 30,</u>	
2021	\$ 3,126,856
2022	3,090,421
2023	3,074,460
2024	3,106,493
2025	3,149,423
2026 and Thereafter	12,398,492
Total	<u>\$ 27,946,145</u>

Rental expenditures for the fiscal year ended June 30, 2020 were \$3,126,876.

NOTE 17 CONTINGENT LIABILITIES (CLAIMS AND JUDGMENTS)

The Department, as a State Agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the General Services Department of the State of New Mexico. The Risk Management Division pays annual premiums for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico;
- Coverage to protect the State of New Mexico's property and assets; and
- Fringe benefit coverage for State of New Mexico employees.

In the case of civil actions or claims against the Department for financial damages, the Department's certificate of insurance with Risk Management does not cover claims for back wages, but does cover civil rights claims for other compensatory damages.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 17 CONTINGENT LIABILITIES (CLAIMS AND JUDGMENTS) (CONTINUED)

The Department is subject to various legal proceedings, claims, and liabilities, including employee claims, which arise in the ordinary course of the Department's operations. In the opinion of the Department's management and in-house legal counsel, the ultimate resolution of the above matters will not have a material adverse impact on the financial position or results of operations of the Department.

NOTE 18 RISK MANAGEMENT

The Department is exposed to various risks of loss for which the Department carries insurance with the State of New Mexico Risk Management Division (i.e., auto, employee fidelity bond, general liability, civil rights and foreign jurisdiction, money and securities, property and workers' compensation).

**NEW MEXICO ENVIRONMENT DEPARTMENT
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
JUNE 30, 2020**

SPECIAL REVENUE FUNDS. The purpose of the Special Revenue Funds is to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Recycling and Illegal Dumping Fund (02600) – Established by the Department to comply with Recycling and Illegal Dumping Act, NMSA 1978, Section 74-13-19. The purpose of this fund is for abatement of tire dumps; reprocessing, transportation or recycling of scrap tires; providing annual retread rebates; and carrying out the provisions of the Recycling and Illegal Dumping Act. This fund is nonreverting.

Voluntary Remediation Fund (06600) – Created by State Statute NMSA 1978, Section 74-4G-11. The purpose of this fund is to account for fees and oversight payments collected pursuant to regulation adopted by the Secretary of the Environment Department pursuant to the provisions of the Voluntary Remediation Act. This fund is nonreverting.

Air Quality Title V Fund (09200) – Established by the Department to comply with the Air Quality Control Act, Chapter 74, Article 2. The purpose of the fund is to establish and administer an air quality permit program. This fund is nonreverting.

Nuclear Workers Assistance Fund (10980) – Created by State Statute NMSA 1978, Section 74-1-17. This fund was established for administration of a program to assist nuclear workers seeking claims under the federal Energy Employees Occupation Illness Compensation Program Act of 2000, 42 USC 7384 et seq. This fund is nonreverting.

Brownfields Cleanup Revolving Loan Fund (11900) – Created by State Statute NMSA 1978, Section 74-4G-11.1. The fund was established to account for the Brownsfield Cleanup Revolving Loan Fund. The funds are obtained through a grant from the Environmental Protection Agency. The funds are for the repayments of loans and interest. Income is accrued on the balance of the fund. This fund is nonreverting.

Responsible Parties Fund (24800) – Created by State Statute NMSA 1978, Section 74-6B-7 for removing leaking underground storage tanks. This fund is nonreverting.

Hazardous Waste Fund (33900) – Created by State Statute NMSA 1978, Section 74-4-4.5. The purpose of the fund is to meet necessary expenditures in the administration and operation of the hazardous waste program. This fund is nonreverting.

Liquid Waste Fund (34000) – Created by State Statute NMSA 1978, Section 74-1-15. The fund was established for the administration of liquid waste regulations. Source of funding: Permits and fees. This fund is nonreverting.

Water Quality Management Fund (34100) – Created by State Statute NMSA 1978, Section 74-6-5.2. The fund was established for administering the regulation adopted by the Water Quality Control Commission. This fund is nonreverting.

Water Recreation Facilities Fund (40000) – Created by State Statute NMSA 1978, Section 74-1-16. The fund was created to be used to administer and enforce rules pertaining to public swimming pools, public spas, and other public water recreation facilities. Source of funding: Fees. This fund is nonreverting.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS (CONTINUED)
JUNE 30, 2020**

SPECIAL REVENUE FUNDS (CONTINUED)

Water Conservation Fund (56700) – Created by State Statute NMSA 1978, Section 74-1-13. It was established for administration of a public water supply program to (1) test public water supplies, (2) perform vulnerability assessments, (3) implement new requirements of the Utility Operators Certification Act, and (4) provide training for all public water supply operators. This fund is nonreverting. Source of funding: Fees through New Mexico Taxation and Revenue Department. This fund is nonreverting.

Public Water Supply System Operator and Public Wastewater Operator Fund (58400) – Created by State Statute NMSA 1978, Section 61-33-5. The fund shall be used solely for administering and enforcing the Utility Operators Certification Act. Fees collected shall be deposited with the state treasurer in the “public water supply system operator and public wastewater facility operator fund”, hereby created. The fund shall be administered by the Department. Money in the fund shall be retained by the Department for use, subject to appropriation by the legislature. Balances in the fund at the end of any fiscal year shall not revert to the General Fund, but shall accrue to the credit of the fund. Earnings on the fund shall be credited to the fund. This fund is nonreverting.

Radiation Protection Fund (59200) – Created by State Statute NMSA 1978, Section 74-3-5.1. The fund was established to carry out provisions of the Radiation Protection Act. Source of funding: Fees and licenses. This fund is nonreverting.

State Air Quality Permit Fund (63100) – Created by State Statute NMSA 1978, Section 74-2-15. The fund is to be used for paying the reasonable costs of (1) reviewing and acting upon any application for a permit; (2) permits issued; (3) emissions and ambient monitoring; (4) preparing applicable regulations or guidance; (5) modeling, analysis and demonstrations; and (6) preparing inventories and tracking emissions. This fund is nonreverting.

Solid Waste Facility Grant Fund (63200) – Created by NMSA 1978, Section 74-9-41. The Solid Waste Facility Grant Fund was administratively established to administer grants to New Mexico counties and municipalities to construct solid waste facilities. This fund is nonreverting.

Penalties Fund (65200) – This fund formerly an agency fund and has been reclassified for fiscal year 2017 forward to a special revenue fund. It is used to account for settlements, penalties, fees, and reimbursements. The civil penalties are required to be paid to the general fund and are transferred, or reverted, monthly to the State General Fund. In future years, the penalties may go directly to the State General Fund. Statutory authority for this fund is related to the statutes which create the revenue streams; Air Quality Control Act and Occupational Health and Safety Act (OSHA) penalties (NMSA 1978 50-9-24 and 74-2-12).

Solid Waste Permit Fees (78300) – Created by State Statute NMSA 1978, Section 74-9-8I. The Solid Waste Act is to administer the Solid Waste Penalty Fees. The Statute established an applicant fee schedule for processing permit applications that is based on costs of application review incurred by the division. This fund is nonreverting.

ARRA Fund (89000) – The Department ARRA Special Revenue Fund was administratively created by NM Department of Finance and Administration and is used to account for the activity related to the funding provided by the federal government under the American Recovery and Reinvestment Act. This fund is nonreverting. All activity is segregated to ensure:

**NEW MEXICO ENVIRONMENT DEPARTMENT
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS (CONTINUED)
JUNE 30, 2020**

SPECIAL REVENUE FUNDS (CONTINUED)

ARRA Fund (89000) (Continued)

- Funds are awarded and distributed in a prompt, fair and reasonable manner;
- The recipients and uses of all funds are transparent to the public. The public benefits of these funds are reported clearly, accurately and in a timely manner;
- Funds are used for authorized purposes and instances of fraud, waste, error and abuse are mitigated;
- Projects funded under this Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

Hazardous Waste Emergency Fund (95700) – Created by State Statute NMSA 1978, Section 74-4-8. This fund shall be used for cleanup of hazardous substance incidents, disposal of hazardous substance and necessary repairs to, or replacement of, state property and may be used for the State's share of any response action taken under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. This fund is nonreverting.

Radiologic Technology Fund (98700) – Created by State Statute NMSA 1978, Section 61-14E-10. The purpose of the fund is to meet necessary expenditures incurred in the enforcement of the Medical Radiation Health and Safety Act. The Act established standards and requirements for the education and training of persons operating medical equipment emitting ionizing radiation. Source of funding: Fees. This fund is nonreverting.

Storage Tank Fund (98900) – Created by State Statute NMSA 1978, Section 74-4-4.8. The sole purpose of the fund is to meet necessary expenditures in the administration and operation of the underground storage tank program: specifically, to (1) review and act upon applications for the registration of underground storage tanks, (2) review and act upon applications for the certification of tank installers, and (3) implement and enforce any provision of the Hazardous Waste Act applicable to underground storage tanks and tank installers, including standards for the installation, operation and maintenance of underground storage tanks and for the certification of tank installers. This fund is nonreverting.

Food Service Sanitation Fund (99100) – Created by State Statute NMSA 1978, Section 25-1-5.1. The purpose of the fund is to pay the cost of administering regulations promulgated by the Environmental Improvement Board to carry out the provisions of the Food Service Sanitation Act. Source of funding: Fees. This fund is nonreverting.

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				
	02600	06600	09200	10980	11900
	Recycling and Illegal Dumping Fund	Voluntary Remediation Fund	Air Quality Title V Fund	Nuclear Workers Assistance Fund	Brownfields Cleanup Revolving Loan Fund
ASSETS					
Investment in State General Fund					
Investment Pool	\$ 2,074,371	\$ 80,100	\$ 1,362,275	\$ 46,721	\$ 590,882
Due from Federal Government	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other State Agencies	-	-	-	-	-
Due from Other State Entities	-	-	-	-	-
Other Assets	-	-	-	-	-
Other Receivables, Net	-	-	-	-	1,958,002
Total Assets	<u>\$ 2,074,371</u>	<u>\$ 80,100</u>	<u>\$ 1,362,275</u>	<u>\$ 46,721</u>	<u>\$ 2,548,884</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Investment in State General Fund					
Investment Pool Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	125,736	-	-	-	-
Accrued Payroll Liabilities	-	-	-	-	-
Due to Federal Government	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other State Agencies	-	-	-	-	-
Due to Other State Entities	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	<u>125,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	1,948,635	80,100	1,362,275	46,721	2,548,884
Assigned	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-
Total Fund Balances	<u>1,948,635</u>	<u>80,100</u>	<u>1,362,275</u>	<u>46,721</u>	<u>2,548,884</u>
Total Liabilities and Fund Balances	<u>\$ 2,074,371</u>	<u>\$ 80,100</u>	<u>\$ 1,362,275</u>	<u>\$ 46,721</u>	<u>\$ 2,548,884</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				
	24800	33900	34000	34100	40000
	Responsible Parties Fund	Hazardous Waste Fund	Liquid Waste Fund	Water Quality Management Fund	Water Recreation Facilities Fund
ASSETS					
Investment in State General Fund					
Investment Pool	\$ 111,743	\$ 1,162,629	\$ 493,723	\$ 492,739	\$ 4,888
Due from Federal Government	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other State Agencies	-	-	-	-	-
Due from Other State Entities	-	-	-	-	-
Other Assets	-	-	-	-	-
Other Receivables, Net	-	92,250	-	-	-
Total Assets	<u>\$ 111,743</u>	<u>\$ 1,254,879</u>	<u>\$ 493,723</u>	<u>\$ 492,739</u>	<u>\$ 4,888</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Investment in State General Fund					
Investment Pool Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-
Accrued Payroll Liabilities	-	-	-	-	-
Due to Federal Government	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other State Agencies	-	-	-	-	-
Due to Other State Entities	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Unearned Revenues	2,680	143,084	-	-	-
Total Liabilities	<u>2,680</u>	<u>143,084</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	109,063	1,111,795	493,723	492,739	4,888
Assigned	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-
Total Fund Balances	<u>109,063</u>	<u>1,111,795</u>	<u>493,723</u>	<u>492,739</u>	<u>4,888</u>
Total Liabilities and Fund Balances	<u>\$ 111,743</u>	<u>\$ 1,254,879</u>	<u>\$ 493,723</u>	<u>\$ 492,739</u>	<u>\$ 4,888</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS			
	56700	58400	59200	63100
	Water Conservation Fund	Public Water Supply System Operator and Public Wastewater Facility Operator Fund	Radiation Protection Fund	State Air Quality Permit Fund
ASSETS				
Investment in State General Fund				
Investment Pool	\$ 601,670	\$ 24,041	\$ 1,145,872	\$ 8,111,754
Due from Federal Government	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other State Agencies	354,108	-	-	-
Due from Other State Entities	-	-	-	-
Other Assets	-	-	-	-
Other Receivables, Net	-	-	84,735	16,730
Total Assets	<u>\$ 955,778</u>	<u>\$ 24,041</u>	<u>\$ 1,230,607</u>	<u>\$ 8,128,484</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Investment in State General Fund				
Investment Pool Overdraft	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Payroll Liabilities	-	-	-	-
Due to Federal Government	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other State Agencies	-	-	-	-
Due to Other State Entities	-	-	-	-
Due to State General Fund	-	-	-	-
Other Liabilities	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted	955,778	24,041	1,230,607	8,128,484
Assigned	-	-	-	-
Unassigned (Deficit)	-	-	-	-
Total Fund Balances	<u>955,778</u>	<u>24,041</u>	<u>1,230,607</u>	<u>8,128,484</u>
Total Liabilities and Fund Balances	<u>\$ 955,778</u>	<u>\$ 24,041</u>	<u>\$ 1,230,607</u>	<u>\$ 8,128,484</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				
	63200	65200	78300	89000	95700
	Solid Waste				Hazardous Waste
	Facility				
	Grant	Penalties	Solid Waste	ARRA	Emergency
	Fund	Fund	Permit Fees	Fund	Fund
ASSETS					
Investment in State General Fund					
Investment Pool	\$ 191,550	\$ -	\$ 124,457	\$ 54	\$ 1,922,536
Due from Federal Government	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other State Agencies	-	93,572	-	-	-
Due from Other State Entities	-	-	-	-	-
Other Assets	-	-	-	-	-
Other Receivables, Net	-	-	-	-	-
Total Assets	<u>\$ 191,550</u>	<u>\$ 93,572</u>	<u>\$ 124,457</u>	<u>\$ 54</u>	<u>\$ 1,922,536</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Investment in State General Fund					
Investment Pool Overdraft	\$ -	\$ 93,572	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-
Accrued Payroll Liabilities	-	-	-	-	-
Due to Federal Government	-	-	-	54	-
Due to Other Funds	-	-	-	-	-
Due to Other State Agencies	-	-	-	-	-
Due to Other State Entities	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Other Liabilities	-	-	-	-	2,025
Unearned Revenues	-	-	-	-	-
Total Liabilities	-	93,572	-	54	2,025
Fund Balances					
Restricted	191,550	-	124,457	-	1,920,511
Assigned	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-
Total Fund Balances	<u>191,550</u>	<u>-</u>	<u>124,457</u>	<u>-</u>	<u>1,920,511</u>
Total Liabilities					
and Fund Balances	<u>\$ 191,550</u>	<u>\$ 93,572</u>	<u>\$ 124,457</u>	<u>\$ 54</u>	<u>\$ 1,922,536</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS			Total All Non-Major Funds
	98700 Radiologic Technology Fund	98900 Storage Tank Fund	99100 Food Service Sanitation Fund	
ASSETS				
Investment in State General Fund				
Investment Pool	\$ 374,247	\$ 734,571	\$ 1,249,738	\$ 20,900,561
Due from Federal Government	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other State Agencies	-	-	-	447,680
Due from Other State Entities	-	-	-	-
Other Assets	-	-	-	-
Other Receivables, Net	-	18,131	31,900	2,201,748
Total Assets	<u>\$ 374,247</u>	<u>\$ 752,702</u>	<u>\$ 1,281,638</u>	<u>\$ 23,549,989</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Investment in State General Fund				
Investment Pool Overdraft	\$ -	\$ -	\$ -	\$ 93,572
Accounts Payable	-	-	19	125,755
Accrued Payroll Liabilities	-	-	-	-
Due to Federal Government	-	-	-	54
Due to Other Funds	-	-	-	-
Due to Other State Agencies	-	-	-	-
Due to Other State Entities	-	-	-	-
Due to State General Fund	-	-	-	-
Other Liabilities	-	-	-	2,025
Unearned Revenues	-	217,293	58,402	421,459
Total Liabilities	-	217,293	58,421	642,865
Fund Balances				
Restricted	374,247	535,409	1,223,217	22,907,124
Assigned	-	-	-	-
Unassigned (Deficit)	-	-	-	-
Total Fund Balances	<u>374,247</u>	<u>535,409</u>	<u>1,223,217</u>	<u>22,907,124</u>
Total Liabilities and Fund Balances	<u>\$ 374,247</u>	<u>\$ 752,702</u>	<u>\$ 1,281,638</u>	<u>\$ 23,549,989</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				
	02600	06600	09200	10980	11900
	Recycling and Illegal Dumping Fund	Voluntary Remediation Fund	Air Quality Title V Fund	Nuclear Workers Assistance Fund	Brownfields Cleanup Revolving Loan Fund
REVENUES					
Environmental Fees	\$ 949,800	\$ 10,933	\$ 4,627,947	\$ 27,913	\$ -
Petroleum Products Loading Fee	-	-	-	-	-
Federal Grant Revenue	-	-	-	-	200,000
Investment Earnings	-	-	-	-	10,230
Interest on Loans	-	-	-	-	8,479
Other Revenue	-	-	-	-	-
Total Revenues	949,800	10,933	4,627,947	27,913	218,709
EXPENDITURES					
Resource Management Division	-	-	-	-	-
Water Protection Division	-	-	-	-	-
Resource Protection Division	480,184	-	-	-	-
Environmental Protection Division	-	-	-	-	-
Other Environmental Initiatives	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	480,184	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	469,616	10,933	4,627,947	27,913	218,709
OTHER FINANCING SOURCES (USES)					
General Fund Appropriation	-	-	-	-	-
Transfers in - Other Agencies	-	-	-	-	-
Transfers in - STB	-	-	-	-	-
Transfers out - Other Agencies	-	-	-	-	-
Transfers - INTRA Agency	(254,654)	(5,544)	(5,657,663)	(52,719)	-
Reversions - FY20	-	-	-	-	-
Total Other Financing Sources (Uses)	(254,654)	(5,544)	(5,657,663)	(52,719)	-
NET CHANGE IN FUND BALANCES	214,962	5,389	(1,029,716)	(24,806)	218,709
Fund Balances - Beginning	1,733,673	74,711	2,391,991	71,527	2,330,175
FUND BALANCES - ENDING	<u>\$ 1,948,635</u>	<u>\$ 80,100</u>	<u>\$ 1,362,275</u>	<u>\$ 46,721</u>	<u>\$ 2,548,884</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				
	24800	33900	34000	34100	40000
	Responsible Parties Fund	Hazardous Waste Fund	Liquid Waste Fund	Water Quality Management Fund	Water Recreation Facilities Fund
REVENUES					
Environmental Fees	\$ 123,570	\$ 1,315,869	\$ 416,075	\$ 700,089	\$ 63,225
Petroleum Products Loading Fee	-	-	-	-	-
Federal Grant Revenue	-	-	-	-	-
Investment Earnings	-	-	22,872	-	-
Interest on Loans	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total Revenues	123,570	1,315,869	438,947	700,089	63,225
EXPENDITURES					
Resource Management Division	-	-	-	-	-
Water Protection Division	-	-	-	-	-
Resource Protection Division	-	-	-	-	-
Environmental Protection Division	-	-	-	-	-
Other Environmental Initiatives	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	123,570	1,315,869	438,947	700,089	63,225
OTHER FINANCING SOURCES (USES)					
General Fund Appropriation	-	-	-	-	-
Transfers in - Other Agencies	-	-	-	-	-
Transfers in - STB	-	-	-	-	-
Transfers out - Other Agencies	-	-	-	-	-
Transfers - INTRA Agency	(155,731)	(1,874,663)	(665,148)	(627,925)	(282,058)
Reversions - FY20	-	-	-	-	-
Total Other Financing Sources (Uses)	(155,731)	(1,874,663)	(665,148)	(627,925)	(282,058)
NET CHANGE IN FUND BALANCES	(32,161)	(558,794)	(226,201)	72,164	(218,833)
Fund Balances - Beginning	141,224	1,670,589	719,924	420,575	223,721
FUND BALANCES - ENDING	<u>\$ 109,063</u>	<u>\$ 1,111,795</u>	<u>\$ 493,723</u>	<u>\$ 492,739</u>	<u>\$ 4,888</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				
	56700	58400	59200	63100	63200
	Water Conservation Fund	Public Water Supply System Operator and Public Wastewater Facility Operator Fund	Radiation Protection Fund	State Air Quality Permit Fund	Solid Waste Facility Grant Fund
REVENUES					
Environmental Fees	\$ 2,159,938	\$ 63,211	\$ 920,260	\$ 5,739,923	\$ 7,900
Petroleum Products Loading Fee	-	-	-	-	-
Federal Grant Revenue	-	-	-	-	-
Investment Earnings	-	1,213	38,080	-	5,872
Interest on Loans	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total Revenues	2,159,938	64,424	958,340	5,739,923	13,772
EXPENDITURES					
Resource Management Division	-	-	-	-	-
Water Protection Division	-	-	-	-	-
Resource Protection Division	-	-	-	-	-
Environmental Protection Division	-	-	-	-	-
Other Environmental Initiatives	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,159,938	64,424	958,340	5,739,923	13,772
OTHER FINANCING SOURCES (USES)					
General Fund Appropriation	-	-	-	-	-
Transfers in - Other Agencies	-	-	-	-	-
Transfers in - STB	-	-	-	-	-
Transfers out - Other Agencies	-	-	-	-	-
Transfers - INTRA Agency	(2,952,022)	(86,338)	(977,919)	(2,945,709)	-
Reversions - FY20	-	-	-	-	-
Total Other Financing Sources (Uses)	(2,952,022)	(86,338)	(977,919)	(2,945,709)	-
NET CHANGE IN FUND BALANCES	(792,084)	(21,914)	(19,579)	2,794,214	13,772
Fund Balances - Beginning	1,747,862	45,955	1,250,186	5,334,270	177,778
FUND BALANCES - ENDING	<u>\$ 955,778</u>	<u>\$ 24,041</u>	<u>\$ 1,230,607</u>	<u>\$ 8,128,484</u>	<u>\$ 191,550</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				
	65200	78300	89000	95700	98700
	Penalties Fund	Solid Waste Permit Fees	ARRA Fund	Hazardous Waste Emergency Fund	Radiologic Technology Fund
REVENUES					
Environmental Fees	\$ -	\$ 30,200	\$ -	\$ 389,310	\$ 135,596
Petroleum Products Loading Fee	-	-	-	-	-
Federal Grant Revenue	-	-	-	-	-
Investment Earnings	-	-	-	-	-
Interest on Loans	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total Revenues	-	30,200	-	389,310	135,596
EXPENDITURES					
Resource Management Division	-	-	-	-	-
Water Protection Division	-	-	-	-	-
Resource Protection Division	-	-	-	-	-
Environmental Protection Division	-	-	-	-	-
Other Environmental Initiatives	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	30,200	-	389,310	135,596
OTHER FINANCING SOURCES (USES)					
General Fund Appropriation	-	-	-	-	-
Transfers in - Other Agencies	-	-	-	-	-
Transfers in - STB	-	-	-	-	-
Transfers out - Other Agencies	-	-	-	-	-
Transfers - INTRA Agency	-	(21,736)	-	(164,742)	(104,670)
Reversions - FY20	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(21,736)	-	(164,742)	(104,670)
NET CHANGE IN FUND BALANCES	-	8,464	-	224,568	30,926
Fund Balances - Beginning	-	115,993	-	1,695,943	343,321
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 124,457</u>	<u>\$ -</u>	<u>\$ 1,920,511</u>	<u>\$ 374,247</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS		
	98900	99100	
	Storage	Food	Total
	Tank	Service	All Non-Major
	Fund	Sanitation	Funds
	Fund	Fund	Funds
REVENUES			
Environmental Fees	\$ 427,305	\$ 1,591,524	\$ 19,700,588
Petroleum Products Loading Fee	-	-	-
Federal Grant Revenue	-	-	200,000
Investment Earnings	-	-	78,267
Interest on Loans	-	-	8,479
Other Revenue	-	-	-
Total Revenues	427,305	1,591,524	19,987,334
EXPENDITURES			
Resource Management Division	-	-	-
Water Protection Division	-	-	-
Resource Protection Division	-	-	480,184
Environmental Protection Division	-	-	-
Other Environmental Initiatives	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	-	480,184
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	427,305	1,591,524	19,507,150
OTHER FINANCING SOURCES (USES)			
General Fund Appropriation	-	-	-
Transfers in - Other Agencies	-	-	-
Transfers in - STB	-	-	-
Transfers out - Other Agencies	-	-	-
Transfers - INTRA Agency	(380,618)	(1,842,172)	(19,052,031)
Reversions - FY20	-	-	-
Total Other Financing Sources (Uses)	(380,618)	(1,842,172)	(19,052,031)
NET CHANGE IN FUND BALANCES	46,687	(250,648)	455,119
Fund Balances - Beginning	488,722	1,473,865	22,452,005
FUND BALANCES - ENDING	<u>\$ 535,409</u>	<u>\$ 1,223,217</u>	<u>\$ 22,907,124</u>

NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE 1 – SUPPLEMENTAL SCHEDULE OF CAPITAL APPROPRIATIONS
YEAR ENDED JUNE 30, 2020

Severance Tax Bonds Projects - Fund 89200

Laws	Chapter	Amount Authorized	Amount De-Authorized	Art in Public Places	Amount Available	Expenditures Reported Prior Years (unaudited)	Expenditures Reported Current Year	Amount Reverted	06/30/20 Balance Available
2016	81	\$ 17,133,797	\$ (5,859,987)	\$ (7,142)	\$ 11,266,668	\$ (9,625,466)	\$ (1,639,986)	\$ (1,216)	\$ -
2017	133	3,898,324	(838,112)	-	3,060,212	(1,452,167)	(1,607,358)	(687)	-
2018	80/68	12,147,175	(1,468,384)	(1,503)	10,677,288	(4,047,858)	(3,164,758)	(670,963)	2,793,709
2019	280	925,400	-	-	925,400	-	(747,635)	-	177,765
2020	81	50,367,190	-	-	50,367,190	-	(69,041)	-	50,298,149
Total Severance Tax Bond		<u>\$ 84,471,886</u>	<u>\$ (8,166,483)</u>	<u>\$ (8,645)</u>	<u>\$ 76,296,758</u>	<u>\$ (15,125,491)</u>	<u>\$ (7,228,778)</u>	<u>\$ (672,866)</u>	<u>\$ 53,269,623</u>

General Fund Capital Outlay Projects - Fund 93100

2019	278	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -	\$ (50,000)	\$ -	\$ -
2019	278	100,000	-	-	100,000	-	(100,000)	-	-
2019	278	150,000	-	-	150,000	-	(148,638)	(1,362)	-
2019*	277	44,296,640	(189,962)	(81,510)	44,025,168	-	(6,281,436)	-	37,743,732
2019	279	174,999	-	-	174,999	-	(163,637)	(11,362)	-
2020**	81	4,306,462	-	-	4,306,462	-	-	-	4,306,462
Total General Fund		<u>\$ 49,078,101</u>	<u>\$ (189,962)</u>	<u>\$ (81,510)</u>	<u>\$ 48,806,629</u>	<u>\$ -</u>	<u>\$ (6,743,711)</u>	<u>\$ (12,724)</u>	<u>\$ 42,050,194</u>

*\$1,441,000 of the \$3,831,000 appropriation was received by the Department in FY20 and released to the local government. \$2,140,000 of the remaining \$2,390,000 will be received by the Department in FY21 and released to the local government. The remaining \$250,000 will be received by the Department once the local governments are in compliance.

**\$4,306,462 in funding related to various projects was not released in FY20 and is not reflected in the fund financial statements for fund 93100. \$4,116,500 of the \$4,306,462 appropriation will be received by the Department in FY21 and released to the local government. The remaining \$189,962 will be received by the department once the local governments are in compliance.

NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE 2 – SUPPLEMENTAL SCHEDULE OF SPECIAL APPROPRIATIONS
YEAR ENDED JUNE 30, 2020

Description	Project Number	Authority	Appropriation Period	SHARE Fund	Total Original Appropriation	Expenditures Reported Prior Years	Current Year Expenditures	Encumbrances	Current Year Reversion Amount	Remaining Balance at 06/30/20
Environmental Litigation	ZB0523	Laws 2017, Chapter 135	2017-2021	06400	\$ 1,000,000	\$ 268,365	\$ 525,686	\$ -	\$ -	\$ 205,949
Superfund State Obligation	ZD5089	Laws 2019, Chapter 271	2019-2021	06400	1,259,000	-	216,378	-	-	1,042,622
Environmental Litigation	ZD5090	Laws 2019, Chapter 271	2019-2021	06400	2,000,000	-	814,992	-	-	1,185,008
Pecos Mine/El Molino Mill State Cost Share	ZD5091	Laws 2019, Chapter 271	2019-2021	06400	273,600	-	273,396	-	-	204
Clean drinking water project in northern NM	ZD9091	Laws 2019, Chapter 279	2019-2020	06400	200,000	-	184,246	-	-	15,754
Green Tree solid waste authority recycling program	ZD9278	Laws 2019, Chapter 279	2020	06400	100,000	-	100,000	-	-	-
For shortfalls in the environmental protection program	ZE6030	Laws 2020, Chapter 83	2020	06400	168,500	-	154,059	-	-	14,441
For water pollution prevention and control programs	ZE6031	Laws 2020, Chapter 83	2020	06400	125,000	-	125,000	-	-	-
Total General Fund					<u>5,126,100</u>	<u>268,365</u>	<u>2,393,757</u>	<u>-</u>	<u>-</u>	<u>2,463,978</u>
Total All Funds					<u>\$ 5,126,100</u>	<u>\$ 268,365</u>	<u>\$ 2,393,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,463,978</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Participating Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Air Pollution Control Program Support				
Air Pollution Control FY20 Statewide	66.001		\$ -	\$ 1,266,332
			-	1,266,332
State Indoor Radon Grants				
NM State Indoor Radon FY19-20	66.032		-	276,922
			-	276,922
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act				
PM 2.5 Air Monitoring FY18	66.034		-	35,053
State Public Water System Supervision				
Public Water Supply Supervision FY19-20	66.432		-	1,003,984
Multipurpose Grants to States and Tribes				
Gold King Mine (Animas) Multi-Purpose	66.204		-	18,530
Water Pollution Control State, Interstate, and Tribal Program Support				
SW 106 Supplemental Monitoring - FY18	66.419		-	5,907
FY20-22 CWA Section 106 - Ground Water	66.419		-	304,200
FY20-21 CWA Section 106 - Surface Water	66.419		-	1,216,800
FY19 CWA Sec. 106 Monitoring Initiative	66.419		-	116,264
Gold King Mine San Juan Watershed Monitoring Program (ENVGKM)	66.419		316,614	345,206
			316,614	1,988,377
Water Quality Management Planning				
FY18-19 CWA, Water Quality Planning 604(b)	66.454		-	100,267
Clean Water State Revolving Funds (CWSRF) Cluster				
Capitalization Grants for CWSRF, Construction	66.458		7,779,000	7,779,000
Capitalization Grants for CWSRF, Administration	66.458		-	539,343
			7,779,000	8,318,343
Nonpoint Source Implementation Grants				
FY16-20 319 Grant Project Implement - Surface Water	66.460		-	370,743
FY18-19 319 Nonpoint Source Implementation Grant - Surface Water	66.460		383,432	451,259
NM Nonpoint Source Management (Surface Water)	66.460		6,530	995,609
NM Nonpoint Source Management (Ground Water)	66.460		-	132,613
			389,962	1,950,224
Regional Wetland Program Development Grants				
FFY17-18 East Fork Jemez River Innovative Wetland Restoration	66.461		18,896	30,828
FFY17-18 Mapping & Classification of Wetlands - Rio Grande	66.461		-	122,670
FFY17-18 Mapping & Classification of Wetlands - San Juan River	66.461		-	92,365
FFY17-18 NM Rapid Assessment for Slope Wetlands	66.461		-	13,096
Mapping & Classification of Wetlands - NM Eastern Plains	66.461		-	130
Mapping & Classification of Wetlands - NM Bootheel & Permain Basin	66.461		-	1,192
FY15-16 Rapid Assessment of Wetlands	66.461		-	422,557
			18,896	682,838

See Notes to Schedule of Expenditures of Federal Awards.

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Participating Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)				
Drinking Water State Revolving Funds (DWSRF) Cluster				
Pass-thru via NM Finance Authority				
FFY17 Cap Grant - Capacity	66.468	FS-99692520	\$ -	\$ 7,606
FFY17 Cap Grant - State Programs	66.468	FS-99692520	-	4,954
FFY17 Cap Grant - Wellhead	66.468	FS-99692520	-	72,665
FFY17 Cap Grant Small Systems Tech	66.468	FS-99692520	-	16
NMFA DWSRF Grant Capacity	66.468	FS-99692521	-	243,394
NMFA DWSRF Grant State Programs	66.468	FS-99692521	-	225,627
NMFA DWSRF Grant Small Systems Tech	66.468	FS-99692521	-	126,856
NMFA DWSRF Grant Wellhead	66.468	FS-99692521	-	204,029
NMFA DWSRF - State Programs (ENV00419)	66.468	FS-99692522	-	987,806
NMFA DWSRF - Capacity (ENV00421)	66.468	FS-99692522	-	579,392
			-	2,452,345
Environmental Information Exchange Network Grant Program				
FY18 Exchange Network (EN) Enterprize Security Badge	66.608		20,006	260,966
Hazardous Waste Management State Program Support				
FY20 RCRA Hazardous Waste Mgmt State Program	66.801		-	745,634
Superfund State, Political Subdivision, and Indian Tribe				
Site-Specific Cooperative Agreements				
Superfund - Eagle Picher Remedial Design	66.802		-	59,520
Superfund Tronox	66.802		-	21,518
Superfund Tronox - EMNRD	66.802		5,885	8,180
FY17 North Railroad Avenue Plume Grant	66.802		-	886,689
NM Environment Department Multi-Site 5 YR Review	66.802		-	63,428
San Mateo Creek Basin Groundwater Site: Central Study Area	66.802		-	840
Remedial Action Oversight of the Chevron Questa Mine - EMNRD	66.802		53,625	55,909
Superfund Oversight of the Chevron Questa Mine	66.802		-	276,482
McGaffey & Main Remedial Design Superfund Site	66.802		-	137,151
McGaffey & Main Ground Water Plume Superfund Site RA SVE/VIMS	66.802		-	194,527
FFY19-20 Superfund Bulk Oversight Multi-Project Coop. Agreement	66.802		-	346,277
FFY19-20 Superfund Core Oversight Multi-Project Coop. Agreement	66.802		-	127,955
			59,510	2,178,476
Underground Storage Tank Prevention, Detection, and Compliance Program				
FY19-20 LUST - Underground Storage Tank Prevention	66.804		-	352,342
Underground Storage Tank Prevention, Detection, and Compliance Program				
FY19-20 LUST - Underground Storage Tank Trust Fund	66.805		-	550,308
FY20 LUST Trust Corrective Action Expedited Remedial	66.805		-	359
			-	550,667
Brownfields Assessment and Cleanup Cooperative Agreements				
Brownfields Cleanup	66.818		-	242,360
State and Tribal Response Program Grants				
Brownsfield State Response Program	66.817		-	468,015
			-	468,015
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			8,583,988	22,891,675

See Notes to Schedule of Expenditures of Federal Awards.

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Participating Expenditures
U.S. DEPARTMENT OF ENERGY				
Environmental Monitoring and Clean-up				
DOE WIPP Oversight AIP	81.214		\$ -	\$ 324,133
FFY19-23 DOE Environmental Oversight & Monitoring - LANL/SNL	81.214		-	2,004,165
			-	2,328,298
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions				
Pass-through via NM Energy and Minerals:				
FY20 NMED Waste Isolation Pilot Plant (WIPP)	81.106	DE-EM004167	-	155,846
Long-Term Surveillance and Maintenance				
GNOME Coach and Gasbuggy Nuclear Test Sites	81.136		-	1,770
NM Uranium Mill Tailings Radiation Control Act	81.136		-	57,067
			-	58,837
TOTAL U.S. DEPARTMENT OF ENERGY				2,542,981
U.S. DEPARTMENT OF DEFENSE				
State Memorandum of Agreement Program for the Reimbursement of Technical Services				
DSMOA CA18-20 State Memorandum of Agreement Program	12.113	W921DY-18-2-0233	-	2,109
Estuary Habitat Restoration Program				
Kirtland AFB Cooperative Agreement	12.130	FA-8903-16-2-0002	-	96,234
TOTAL U.S. DEPARTMENT OF DEFENSE				98,343
U.S. DEPARTMENT OF LABOR				
Occupational Safety and Health State Program				
OSHA 23(g) Operational Program	17.503		-	736,835
Implementation of NM OHSA: Sec 50-9-1 to 50-9-25 NMSA1978	17.503		-	235,008
			-	971,843
Consultation Agreements				
OSHA 21(d) On-site Consultation Program	17.504		-	365,514
State Plan OSHA Consultation Program	17.504		-	136,373
			-	501,887
Compensation and Working Conditions				
Occupational Health & Safety Statistics (OSHA)	17.005		-	17,888
FY20 Bureau of Labor Statistics (BLS)	17.005		-	56,835
			-	74,723
TOTAL U.S. DEPARTMENT OF LABOR				1,548,453
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Flexible Funding Model - Infrastructure Development and Maintenance				
NM MFRPS Implementation	93.367		-	236,055
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				236,055
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,583,988</u>	<u>\$ 27,317,507</u>

See Notes to Schedule of Expenditures of Federal Awards.

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

RECONCILIATION TO FINANCIAL STATEMENTS

Governmental Funds - Federal Grant Revenue	\$ 19,302,317
Enterprise Funds - Federal Grant Revenue	7,779,000
CWSRF Administrative Expenditures	539,343
Federal Contracts	(247,184)
Other Reconciling Items	(55,969)
	<u>\$ 27,317,507</u>

See Notes to Schedule of Expenditures of Federal Awards.

**NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Department under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Department.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Amounts reported in the Schedule are reported on the accrual basis of accounting. The Department has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NONCASH ASSISTANCE

The Department did not receive any federal noncash assistance during the year ended June 30, 2020.

LOANS

The Department does not have any loans outstanding with the Federal government at June 30, 2020.

SUBRECIPIENTS

The Clean Water State Revolving Loan Fund (the Fund) receives capitalization grants to create and maintain the Clean Water State Revolving Fund program (CWSRF, CFDA 66.458). The Fund can use the capitalization grants to provide loans at reduced interest rates to finance the construction of publicly-owned water pollution control facilities, non-point source pollution control projects, and estuary management plans. Loans made by the Fund can be paid up to 30 years and all repayments, including interest and principal, must remain within the Wastewater Facility Construction Loans Fund of the Fund. Capitalization loans processed for CWSRF for the year ended June 30, 2020 were \$13,414,986. CWSRF outstanding loans at June 30, 2020 were \$178,554,054. The Fund provided in fiscal year 2020 \$1,171,131 in grants to various communities throughout New Mexico to subsidize their loans.

Of the \$7,779,000 represented in the Schedule of Expenditures of Federal Awards, \$581,097 was provided as grant and \$7,197,903 was provided as loan disbursements. The amounts are included in the schedule of expenditures of federal awards as Construction Loan and Construction Grant (CFDA 66.458).

The Department received federal grant funding from the Environmental Protection Agency (EPA) passed-through to other subrecipients as specified in the schedule below:

NEW MEXICO ENVIRONMENT DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

SUBRECIPIENTS (CONTINUED)

<u>Clean Water State Revolving Fund (CWSRF)</u>			
	Federal Grant	Federal Revolving Loan	Total
City of Hobbs	\$ -	\$ 2,599,831	\$ 2,599,831
Village of Los Lunas	-	1,676,515	1,676,515
Town of Grants	-	1,374,928	1,374,928
El Valle de Los Ranchos Water & Sanitation District	150,000	422,244	572,244
Rio Arriba County	112,274	405,152	517,426
Town of Peralta	-	209,684	209,684
Village of Tijeras	-	129,387	129,387
Incorporated County of Los Alamos	-	94,762	94,762
Southern Sandoval County Arroyo Flood Control	140,716	85,222	225,938
City of Santa Rosa	-	52,953	52,953
Estancia Valley Solid Waste Authority	-	37,874	37,874
Village of Cimarron	-	31,054	31,054
City of Anthony	-	30,718	30,718
Town of Springer	-	27,743	27,743
City of Bayard	45,095	11,921	57,016
City of Gallup	-	7,915	7,915
Village of Cuba	133,012	-	133,012
Total CWSRF Passed Through to Subrecipients	<u>\$ 581,097</u>	<u>\$ 7,197,903</u>	<u>7,779,000</u>
<u>Gold King Mine San Juan Watershed Monitoring Program</u>			
New Mexico Institute of Mining & Tech			55,104
Regents of New Mexico State University			83,818
San Juan Soil & Water Conservation Dist			27,906
USGS National Center MS270			<u>149,786</u>
			316,614
<u>Nonpoint Source Implementation Grants</u>			
Cimarron Water Shed Alliance			48,128
Ciudad Soil & Water Conversation Distric			6,530
Hermits Peak Watershed Alliance			83,160
Natural Channel Design, Inc			32,471
Nielson Family Limited Partnership LP			165,520
San Juan Soil & Water Conservation Dist			37,982
Upper Pecos Waterhshed Alliance			<u>16,171</u>
			389,962
<u>Regional Wetland Program Development Grants</u>			
Rio Puerco Alliance			18,896
<u>Environmental Information Exchange Network Grant Program</u>			
State of Colorado			20,006
<u>Remedial Action Oversight of the</u>			
<u>Chevron Questa Mine - EMNRD</u>			
Energy Minerals & Natural Resources Department			53,625
<u>Superfund Tronox - EMNRD</u>			
Energy Minerals & Natural Resources Department			5,885
Grand Total			<u><u>\$ 8,583,988</u></u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. James C. Kenney, Cabinet Secretary
New Mexico Environment Department and
Mr. Brian Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the New Mexico Environment Department (the Department), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated November 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Mr. James C. Kenney, Cabinet Secretary
New Mexico Environment Department and
Mr. Brian Colón, Esq., New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-002 through 2020-004.

The Department's Response to Findings

The Department's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 2, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Mr. James C. Kenney, Cabinet Secretary
New Mexico Environment Department and
Mr. Brian Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited New Mexico Environment Department's (the Department) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2020. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Mr. James C. Kenney, Cabinet Secretary
New Mexico Environment Department and
Mr. Brian Colón, Esq., New Mexico State Auditor

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 2, 2020

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? x yes no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
66.001	Air Pollution Control Program Support
66.432	State Public Water System Supervision
66.CWSRF	Capitalization Grants for Clean Water State Revolving Funds
66.DWSRF	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 819,525

Auditee qualified as low-risk auditee? x yes no

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings

2020 – 001 Internal Control Over Financial Reporting

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The Department lacks an effective internal control structure over financial close and reporting to allow for timely, complete, and accurate financial reporting.

Criteria or specific requirement: According to NMSA 1978 §6.-5-2, the Financial Control Division (the division) shall issue a manual of model accounting practices containing the procedures and policies. State agencies shall comply with the model accounting practices established by the division, and the administrative head of each state agency shall ensure that the model accounting practices are followed. According to FIN 16 General Accounting Practices in the Manual of Model Accounting Practices, all reporting of financial information must be timely, complete and accurate, to the state agency's management and to oversight agencies and entities.

Context: During our audit, the following issues were noted related to the Department's financial close and reporting process:

- Adjusting journals of approximately \$178K were proposed and posted to adjust unearned revenue.
- Federal revenue and accounts receivable in the general ledger did not reconcile to the Federal expenditures reported in the schedule of expenditures of federal awards (SEFA). Based on our inquiry, the Department posted adjustments to Federal revenue and accounts receivable in a total approximate amount of \$712K to agree Federal revenue and accounts receivable to the SEFA.
- Unnatural balance in a payable account of approximately \$92K, resulting in an audit adjustment to correctly classify the amount.
- Adjustments of approximately \$107K were proposed and posted to balance the revenues and expenditures for the Severance Tax Bonds fund.

Effect: State agency's management and other agencies and entities are not able to rely on the financial information presented by the Department due to untimely, incomplete, and inaccurate financial reporting. The Department is not in compliance with applicable financial reporting policies and requirements of the State.

Cause: The Department has experienced staff turnover as well as vacancies in key positions which is not allowing for sufficient review and posting of financial transactions especially at year-end close.

Recommendation: We recommend the Department implement effective policies, procedures, and controls to ensure financial information is timely, complete, and accurate. This should entail a monthly review process of significant balance sheet accounts as well as a year-end review process of all accounts to ensure transactions are properly captured and reported in the accounting records. We recommend the Department train its employees on the requirements set forth in the Manual of Model Accounting Practices as well as any other DFA instructions related to fiscal year end close.

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings (Continued)

2020 – 001 Internal Control Over Financial Reporting (Continued)

Views of responsible officials and planned corrective actions: Management concurs with this audit finding. The Bureau financial managers for the Environmental Health Bureau and the Hazardous Waste Bureau along with the Program Financial Managers for the Division are responsible for ensuring unearned revenue is classified to revenue for the fiscal year revenue should be recognized. The General Ledger manager as well as the Chief Financial manager must ensure that these entries are performed in a timely manner.

Over ten years of underfunding this Agency have resulted in a loss of institutional knowledge and an inability to retain and recruit staff. The Environmental Health Bureau financial manager was fairly new to this position and the Hazardous Waste Bureau financial manager position was vacant since March 2020. Bureaus will be reminded to run the trial balance and review any liabilities on the trial balance. In addition, the General Ledger manager will ensure the trial balance is run monthly to ensure all liabilities are cleared out on a monthly basis.

The SEFA was correct before the General ledger section processed what was an FY21 JE for \$550K as an FY20 AJE. The AJE has been reversed in FY20 and posted to FY21 bringing the SEFA accounts receivable back into balance. The GL Section requestor will send notifications when JEs are posted and the requestor will review the JE postings to ensure they are posted appropriately. The \$160K federal accounts receivable is not included on the SEFA because it is for contractual services that the agency performs. The \$160K accounts receivable was not processed in a timely manner by the Ground Water Quality Bureau financial manager who is new to the position. Bureaus will invoice for contract revenues in a timely manner and will run the general ledger to ensure revenue is received. If revenues are not received by the end of the fiscal year, the accounts receivable will be submitted through the year end JE process.

The over-reversion in Fund 65200 was inadvertently submitted to the Department of Finance and Administration. New staff was hired during FY20 in the general ledger section. The reversion was calculated incorrectly as debit amounts in this account were overlooked, which resulted in the over-reversion to the State General Fund. The General Ledger manager and accountant auditor along with oversight of the Chief Financial Officer are responsible for ensuring reversions from Fund 65200 are submitted to the Department of Finance and Administration in a timely and accurate manner. The Department will seek reimbursement from the Department of Finance and Administration within the required timeline in order to fix the deficiency in this fund. The General ledger manager and accountant auditor will review the trial balance to ensure the proper amount is reverted to the general fund in a timely manner.

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section IV – Other Findings

2020 – 002 Late Reversion to the State General Fund (Compliance and Other Matters)

Criteria or specific requirement: Subsection A of Section 6-5-10 NMSA 1978 requires “all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert by September 30 to the general fund. The division may adjust the reversion within 45 days of release of the audit report for that fiscal year.” Failure to transfer reverting funds timely in compliance with the statute requires an audit finding.

Condition: As of June 30, 2020, the Department did not revert an unexpended balance of approximately \$27K to the State General Fund.

Cause: Management oversight.

Effect: The auditor noted an instance of noncompliance. Noncompliance results in an audit finding in the audit report as well as misstated balances in the accounting records.

Recommendation: We recommend the Department ensure the unexpended balance is reverted the State General Fund in fiscal year 2021. We recommend that the Department implement adequate internal controls and procedures to allow for timely and accurate reporting, as well as compliance with all applicable state regulations.

Views of responsible officials and planned corrective actions: Management concurs with this audit finding. The Department was appropriated general fund money in fiscal year 2020 for a clean drinking water project supervised by the Drinking Water Bureau of the Water Protection Division. In addition, the Environmental Protection Division was appropriated a supplemental appropriation to assist with shortfalls in this Division. Both appropriations utilized the majority of the appropriations, however, the appropriation ended on June 30, 2020 and the remaining amount of general fund should have been reverted by September 30, 2020. The reversions were inadvertently overlooked and not submitted by the September 30, 2020 deadline. The Bureau financial manager along with the Bureau Chief must ensure any additional unspent general fund is reverted to the Department of Finance and Administration within the deadline. In addition, the program financial managers for each Division should also ensure these reversions are done in a timely fashion. In order to prevent this from occurring again, the Department will ensure the financial managers are working closely with the Bureaus to monitor the appropriation and the respective end date. The program financial managers will ensure Bureau financial managers keep a spreadsheet of these appropriations to monitor expenditures against the appropriation, end date of the appropriation and available balance of the appropriation.

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section IV – Other Findings (Continued)

2020 – 003 Procurement - Contracts (Compliance and Other Matters)

Criteria or specific requirement: According to the MAPs Section FIN 4.1 Purchase Orders, all commitments to purchase goods or services must be documented by a properly completed Purchase Order in advance for goods or services by an external supplier. According to the MAPs Section FIN 4.4 Encumbrances, state agencies must verify there is sufficient budget available to fund the commitment before issuing a Purchase Order to a supplier, before receiving goods, and before allowing work to be performed. According to the MAPs Section FIN 4.14 Failure to Encumber a Purchase, State agencies must use the following procedures to process After-the-Fact Purchase Orders or Direct Payment Vouchers stating the agency has a violation of MAPs. NMSA 1978 §6-5-3 states the appropriate fund shall be shown by the division to be encumbered to the extent of the proposed expenditure.

Condition: The Department did not have an executed contract in place for work performed under professional services.

Cause: Insufficient tracking of the expiration and overall monitoring of the professional services contract by the Department.

Effect: Noncompliance with the state procurement code.

Recommendation: We recommend the NMED implements monitoring policies and procedures to track significant contracts elements, to include compensation, term, scope, and deliverables. These policies should include notification mechanisms to allow for timely review of potential contract modifications or amendments in advance of contract termination. These policies and procedures should be implemented by all divisions or bureaus that have professional service contracts. Sufficient training should be provided to individuals/groups with limited experience with The New Mexico Procurement Code.

Views of responsible officials and planned corrective actions: Management concurs with this audit finding. The Department, once aware of the violation, took corrective action to cease and desist any further work under the contract until a small professional services contract was in place. The department procured the services through a sole source procurement to ensure a valid contract was in place. Both the Financial Services Bureau and the Office of General Counsel (“OGC”) will work collaboratively to ensure sufficient budget exists in the contract. The budget staff from the Financial Services Bureau will monitor the budget for the particular contract and update OGC General Counsel, on a monthly basis, of the available budget. The Purchasing/Accounts Payable Manager will work with OGC on tracking the term date of the contract and provide guidance at least 6 months in advance of the expiration of the contract so proper measures can be taken to procure services for another term. The Office of General Counsel will provide direct oversight of the term of the contract and will be tracked by the General Counsel, OGC’s Office Manager, and, if applicable, the staff attorney who is acting as project manager for the contract. Once again, ten years of underfunding this Agency have resulted in Administrative Services Division staffing resulting in other department staff managing contracts. The OGC staff will track the term date of the contract within 9 months of the anticipated termination of the contract.

**NEW MEXICO ENVIRONMENT DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section IV – Other Findings (Continued)

2020 – 004 Unallowable sweep of Title V Funds (Material Noncompliance and Other Matters)

Criteria or specific requirement: Title V establishes an operating permit program for major sources of air pollutants, as well as other enumerated sources.[i] Section 502(b) of the CAA directs EPA to promulgate regulations establishing minimum elements of an operating permit program to be adopted and administered by any air pollution control agency. One of the elements is a requirement under state law that the owner or operator of a source required to obtain a Title V permit pay an annual fee sufficient to cover all reasonable (direct and indirect) costs required to develop and administer the requisite Title V permit program requirements.[ii] In addition, any fees required to be collected by the State under the provisions of the CAA shall be utilized solely to cover all reasonable (direct and indirect) costs required to support the Title V permit program.[iii] EPA's regulations that establish and implement these statutory requirements are found at 40 CFR Part 70. In particular, 40 CFR 70.9(a) states that the State program shall require that owners or operators of Title V sources pay annual fees, or the equivalent over some other period, that are sufficient to cover the permit program costs and shall ensure that any required fee be used solely for Title V permit program costs.

Condition: The Department disclosed to us an unallowable sweep of \$3M in unused fund balance of the Air Quality Title V Fund (09200) during FY17. At the time of the sweep to the State General Fund (SGF), Title V was not referenced in State statute. The Department failed to recognize the limitations and complied with the sweep to the SGF. The Department has 45 days after the issued audit report to adjust reversions. The time has passed for the Department to be able to do so. No legal authority to transfer funds back to the Title V fund.

Cause: Management oversight. The Department failed to do its due diligence in FY17 by not raising its hand and stopping the transfer.

Effect: The auditor noted an instance of material noncompliance. Noncompliance results in an audit finding in the audit report as well as misstated balances in the accounting records. Also, violation of Federal regulations.

Recommendation: Further action by the Department is needed to obtain clarification on the intent of the transfer of funds out of fund 09200 Title V. Most likely the Department will be requesting an appropriation to restore the fund balance.

Views of responsible officials and planned corrective actions: Management concurs with this audit finding. The Department will seek a general fund deficiency of \$3 million dollars plus interest (if required by federal or state law) in order to comply with the intended use of the fund and to maintain compliance with federal law pursuant to NMED's delegation from the U.S. EPA.

**NEW MEXICO ENVIRONMENT DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020**

Finding	Status
Section II – Financial Statement Findings	
There were no findings for the year ended June 30, 2019.	
Section III – Federal Award Findings and Questioned Costs	
2019-001 Allowable Activities and Costs (Significant Deficiency in Internal Control over Compliance/Instances of Noncompliance)	Resolved
2019-002 Period of Performance (Significant Deficiency in Internal Control Over Compliance/Instance of Noncompliance)	Resolved
2019-003 Suspension and Debarment Procedure (Significant Deficiency in Internal Control over Compliance/Instances of Noncompliance)	Resolved

**NEW MEXICO ENVIRONMENT DEPARTMENT
EXIT CONFERENCE
JUNE 30, 2020**

An exit conference was held with the Department on November 2, 2020. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

NEW MEXICO ENVIRONMENT DEPARTMENT

James C. Kenney	Cabinet Secretary
Jennifer J. Pruett	Deputy Secretary
Marlene Velasquez	Chief Financial Officer

CLIFTONLARSONALLEN LLP

Matt Bone, CPA, CGFM, CGMA	Engagement Principal
Jane Tinker, CPA	Engagement Director

CliftonLarsonAllen LLP assisted in the preparation of the financial statements presented in this report. The Department's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Item	General Fund	Other State Funds	Intrnl Svc Funds/Inter-Agency Trnsf	Federal Funds	Total/Target
1 and release detection requirements					90%
2 (b) Outcome: Percent of permitted active solid waste facilities and					
3 infectious waste generators inspected found to be in					
4 substantial compliance with New Mexico solid waste rules					95%
5 (2) Water protection:					
6 The purpose of the water protection program is to protect and preserve the ground, surface and drinking					
7 water resources of the state for present and future generations. The program also helps New Mexico					
8 communities develop sustainable and secure water, wastewater and solid waste infrastructure through					
9 funding, technical assistance and project oversight.					
10 Appropriations:					
11 (a) Personal services and					
12 employee benefits	1,670.7	100.0	5,252.6	7,697.6	14,720.9
13 (b) Contractual services	344.7		2,821.1	2,871.1	6,036.9
14 (c) Other	182.7		1,287.5	2,397.7	3,867.9
15 Performance measures:					
16 (a) Output: Percent of facilities operating under a groundwater					
17 discharge permit inspected each year					63%
18 (b) Outcome: Percent of assessed stream and river miles meeting water					
19 quality standards					50%
20 (3) Environmental protection:					
21 The purpose of the environmental protection program is to ensure New Mexicans breathe healthy air, to					
22 protect public health and the environment through specific programs that provide regulatory oversight of					
23 food service and food processing facilities, on-site treatment and disposal of liquid wastes, public					
24 swimming pools and baths and medical radiation and radiological technologist certification and to ensure					
25 every employee has safe and healthful working conditions.					

	Item	General Fund	Other State Funds	Intrnl Svc Funds/Inter-Agency Trnsf	Federal Funds	Total/Target
1	Appropriations:					
2	(a) Personal services and					
3	employee benefits	4,017.6	26.4	10,557.2	2,288.1	16,889.3
4	(b) Contractual services	4.4		995.9	503.7	1,504.0
5	(c) Other	1,238.1		1,981.8	1,198.5	4,418.4
6	Performance measures:					
7	(a) Outcome:					
8	Percent of serious worker health and safety violations					
9	corrected within the timeframes designated on issued					
9	citations from the consultation and compliance sections					96%
10	(4) Resource management:					
11	The purpose of the resource management program is to provide overall leadership, administrative, legal					
12	and information management support to all programs within the department. This support allows the					
13	department to operate in the most responsible, efficient and effective manner so the public can receive					
14	the information it needs to hold the department accountable.					
15	Appropriations:					
16	(a) Personal services and					
17	employee benefits	2,205.9		2,219.5	1,865.1	6,290.5
18	(b) Contractual services	267.8		78.7	194.0	540.5
19	(c) Other	103.2	5.0	342.1	442.6	892.9
20	Performance measures:					
21	(a) Output:					
21	Percent of positive outcomes of legal action					95%
22	(5) Special revenue funds:					
23	Appropriations:					
24	(a) Contractual services		2,800.0			2,800.0
25	(b) Other		10,410.0			10,410.0

Annual Fee Survey: All fees are less than those of the surrounding jurisdictions in accordance with Paragraph 3 of Subsection A of Section 74-1-8 NMSA 1978, 1978. See 2021 liquid waste fee survey table.

20.7.11	Fee Survey 2021	NMAC	Survey	
Section	Service Short Title	Current Fee	Average	Remarks (meets or below average fee)
8A1	Conventional 1k	\$ 225	\$ 474	OK
8A2	Conventional 2K	\$ 325	\$ 496	OK
8A3	Conventional 5k	\$ 500	\$ 2,120	OK
8B1	Alternative System 1k	\$ 450	\$ 585	OK
8B2	Alternative System 2k	\$ 550	\$ 570	OK
8B3	Alternative System 5k	\$ 750		No comparable fees, most jurisdictions regulate up to 3,000 gpd
8C1a	Annual AS Op Permit	\$ 50	\$ 179	OK
8C1b	Annual Holding Tank Op Permit	\$ 30	\$ 145	OK
9A	Homeowner Qual	\$ 170	\$ 200	OK
9B	Third Party Evaluator Qual	\$ 50	\$ 78	OK
9C	MSP Qual	\$ 50	\$ 100	OK
9D	Septage Pumper Qual	\$ 30	\$ 110	OK
9E	Install Spec Qual	\$ 150		No comparable qualificaiton
9F	Install Spec Renewal	\$ 75		No comparable qualificaiton
10	Septic Pump Truck Regis	\$ 30	\$ 89	OK
11	Property Transfer Filing Fee	\$ 50	\$ 90	OK
12	Septic Tank Certification Fee	\$ 150		Other jurisdicitons do not have a plan review process or do not hav
13	Re-inspection	\$ 125	\$ 128	OK
14	Unpermitted System	\$ 250	\$ 579	OK
15	Variance 2k	\$ 100	\$ 358	OK
15	Variance 5k	\$ 250	\$ 1,000	OK

The survey was completed on January 10, 2022 by the Acting Liquid Waste Program Manager, Michael Broussard. Data was gathered from official website fee schedules or by contacting the agency when no fee schedule was posted. Some jurisdictions do not post fee schedules and did not respond to the survey. Colorado counties not responding to the survey were Alamosa, Crowley, Otero and Rio Grande. Utah counties not responding to the survey were Davis, Utah and Wasatch. Texas TCEQ did not respond; therefore, Texas El Paso county fee data was utilized. Fees are associated with maximum flows and these differ across the jurisdictions surveyed therefore some correlating decisions were required.